

No.14012/32/2015-AMRUT-I
Govt. of India
Ministry of Urban Development
AMRUT Division

Nirman Bhavan, New Delhi
Dated 05th August, 2016

OFFICE MEMORNADUM

Subject: Modification in some of the provisions of the Guidelines of Atal Mission for Rejuvenation and Urban Transformation (AMRUT).

The undersigned is directed to say that some of the provisions under AMRUT's Guidelines have been modified to eliminate the ambiguity and to make them more pragmatic.

2. The relevant paras of Guidelines where modifications have been made are as under:

Sl.No.	Modified Paras
1	3.1.6(i)
2	4.3
3	4.4(v)
4	A new para regarding A&OE fund has been inserted between 4.4 and 4.5 and accordingly para 4.5 has been renumbered as 4.6
5	7.2
6	8. New para 8.4 has been added
7	9.5
8	15

3. Details of the para-wise modifications made is enclosed herewith. For the purpose of easy understanding, the deleted text is shown struck off and added text as underlined.

This issues with the approval of Minister for Urban Development.

Encl: as above


(Shiv Pal Singh) 5/8/16

Director

011-23063661

shivpal.singh@gov.in

To :

Principal Secretary (UD)/Secretary (UD) of all State/UT Government.

Copy to:

1. All members of the Apex Committee
2. PPS to EA, PPS to Secretary (UD), PPS to JS(HRIDAY)
3. PS to Minister for Urban Development
4. PS to Minister of State for Urban Development
5. Mission Website

Amendment to Mission Guidelines of AMRUT

1. Para 3.1.6(i)

Existing text

Development of green space and parks with special provision for child-friendly components.

New text

Development of green space and parks with special provision for children, senior citizens and differently abled-friendly components.

2. Para 4.3

Existing text

4.3 Incentive for Reform

One purpose of the Mission is to improve governance through a set of Reforms. During the Mission period, 11 Reforms will be implemented. The list is given in Annexure 1. The following principles will govern the grant of incentives to States.

- i. Past experience shows that projects get delayed if release of project funds is linked to non-completion of Reforms. Therefore, the AMRUT shifts from penalization to incentivization. Ten percent of the annual budget allocation shall be kept apart and given to the States/UTs every year as incentive for achievement of Reforms. The Mission will give incentives for the previous year at the start of the succeeding Financial Year (FY). The States/UTs shall do the self-assessment in the prescribed procedure given in Table 5.5 of Annexure 2. The National Mission Directorate, on receipt of the self-assessment, will announce the award of incentive to the States.
- ii. The incentive fund is an additionality that will be provided by the MoUD and no matching funds will be required to be given by the State/ULB.
- iii. The State High Power Steering Committee (SHPSC) will decide the use of the incentive amount. The incentive award will only be used in Mission cities on admissible components of the AMRUT, including new projects. The SHPSC will inform the MoUD of the use of incentive funds on projects.
- iv. The incentive cannot be used as the State share in project in the AMRUT, but can be used by the ULBs for their project funding.
- v. Unutilised funds for Reform incentives will be transferred to Project Fund every year.

New text

4.3 Incentive for Reform

One purpose of the Mission is to improve governance through a set of Reforms. During the Mission period, 11 Reforms will be implemented. The list is given in Annexure 1. The following principles will govern the grant of incentives to States.

- i. Past experience shows that projects get delayed if release of project funds is linked to non-completion of Reforms. Therefore, the AMRUT shifts from penalization to incentivization. Ten percent of the annual budget allocation shall be kept apart and given to the States/UTs every year as incentive for achievement of Reforms. The Mission will give incentives for the previous year at the start of the succeeding Financial Year (FY). The States/UTs shall do the self-assessment in the prescribed procedure given in Table 5.5 of Annexure 2. The National Mission Directorate, on receipt of the self-assessment, will announce the award of incentive to the States. The State/UT shall be eligible for reform incentive in a particular year only if it has achieved the desired (70%) score on the milestones mandated for that year as well as for the previous years. While submitting claim for reform incentive for a year, the States shall also separately submit the status of accomplishment of reforms for all those previous years for whom the State either did not submit the claim or was adjudged not having achieved the 70% score.
- ii. The incentive fund is an additionality that will be provided by the MoUD and no matching funds will be required to be given by the State/ULB.
- iii. The State High Power Steering Committee (SHPSC) will decide the use of the incentive amount. The incentive award will only be used in Mission cities on admissible components of the AMRUT, including new projects. The SHPSC will inform the MoUD of the use of incentive funds on projects.
- iv. The State Governments may utilize upto 10% of this reform incentive (subject to a maximum of Rs.50 lakh) for expenditure towards participation in international exposure visits/international conferences as per State government rules for selected participants from ULBs/State Govt. The SHPSC shall be competent to approve selection of events and delegates.
- v. The incentive cannot be used as the State share in project in the AMRUT, but can be used by the ULBs for their project funding.
- vi. Unutilised funds for Reform incentives will be transferred to Project Fund every year.

3. Para 4.4 (v)

Existing text

The funds for capacity building will be released in similar instalments as given for project funds above.

New text

The funds for capacity building programme are being made available through the World Bank assisted Capacity Building in Urban Development (CBUD) project and norms for

release of payments/claims etc under the program have been communicated. The funds available through the CBUD Project will be released accordingly.

4. Insertion of a new para between 4.4 and 4.5 and renumbering of para 4.5 as 4.6

4.5 Allocation and release of State A & OE funds

- i. The Mission period allocation (up to 2019-20) for the State A&OE fund based on the Mission period allocations for projects under AMRUT will be communicated by the National Mission Directorate to all States and UTs. This will be based on the principle of eligibility of 8% as A&OE funds after accounting for fund requirement for reform incentive grant and for instalment of incomplete JnNURM projects, as fund under these two categories are not eligible for 8% A&OE grants.
- ii. Within the Mission period allocation as indicated above, annual eligibility for State A&OE fund based on actual budget availability with the Ministry will be decided each year.
- iii. The State A&OE funds for each year will be released in two equal instalments. The 1st instalment will be released in the month of April and 2nd one on its utilization of 1st instalment. All releases will be subject to submission of utilization certificates etc. in respect of instalments released earlier with a minimum of 75% utilization.
- iv. The expenditure on the State A&OE funds shall be governed by the overall plan of A&OE expenses as approved by the Apex Committee as part of SAAPs and other conditions mentioned in the Guidelines at para 4.4.

5. Para 7.2

Existing text

Principles of Prioritization: The States will decide on the inter-ULB allocation based on gap analysis and financial strength of ULBs and choose those ULBs in the first year that have higher gaps in provision of water supply and sewerage. The prioritization of ULBs for funding will be done after consultation with local MPs, Mayors and Commissioners of the concerned ULBs. Financially weaker ULBs can be financed to a greater extent. Urban Local Bodies with a high proportion of urban poor could receive a higher share. Moreover, the potential Smart cities will be given first preference because the Smart Cities Mission and the AMRUT are complementary. Based on prioritization by the States and resources available, the States will send the SAAP upto three times the Central Assistance (CA) allocated to the State during 2015-16 (because a project is likely to take three years for completion and the funding will be given in three instalments) and the outstanding CA of the previous year plus the annual allocation of the year in the subsequent years. As a result, different ULBs within a State may become entitled to different funding patterns, but the share of the Centre will be fixed as given in these Guidelines.

New text

Principles of Prioritization: The States will decide on the inter-ULB allocation based on gap analysis and financial strength of ULBs and choose those ULBs in the first year that have higher gaps in provision of water supply and sewerage. The prioritization of ULBs for funding will be done after consultation with local MPs, Mayors and Commissioners of the concerned ULBs. Financially weaker ULBs can be financed to a greater extent. Urban Local Bodies with a high proportion of urban poor could receive a higher share. Moreover, the potential Smart cities will be given first preference because the Smart Cities Mission and the AMRUT are complementary. ~~Based on prioritization by the States and resources available, the States will send the SAAP upto three times the Central Assistance (CA) allocated to the State during 2015-16 (because a project is likely to take three years for completion and the funding will be given in three instalments) and the outstanding CA of the previous year plus the annual allocation of the year in the subsequent years. As a result, different ULBs within a State may become entitled to different funding patterns, but the share of the Centre will be fixed as given in these Guidelines.~~ The National Mission Directorate shall communicate, from time to time, the schedule of preparation of SAAP to all States indicating the size of SAAP as well as timelines. This will be done on the basis of budgetary calculations and expected funds flow, in consultation with Internal Finance Division of the Ministry. In the interest of comprehensive planning and enabling the States for expeditious execution of the projects, the Apex Committee will issue directions and monitor the preparation of the plans for the entire Mission period by the States so that the desired outcomes are achieved in time. The implementation and instalment release will carry on till the end of Mission period as per actual implementation progress.

New project can be sanctioned only when there is sufficient time left in the balance Mission period to complete the project and also to take care of reasonable time over-run resulting from unforeseen circumstances. The idea is to ensure that the projects are completed before the end of the Mission period.

Timely initiation of the projects is essential for quick completion and to avoid cost over-runs. For this purpose, the State governments are required to start the preliminary work for the projects, viz., preparation of DPRs, their appraisal and approval to cover the Mission period allocation. This will help quick grounding of projects immediately after the approval of SAAP and allocation of funds.

6. Para 8

New text (addition of new sub-para)

8.4 Review of Non-Starter Projects: The State Mission Directorate is expected to ensure timely award of contracts and start of projects approved under SAAP. It is expected that projects approved under various SAAPs by the Apex Committee must necessarily reach the stage of award of contract within 6 months of the date of Apex Committee approval. The State Mission Directorate shall place before the SHPSC a list of all such projects where contracts have not been awarded within this time limit, for cancelling the projects and also propose viable projects to be taken in lieu of the cancelled projects.

The SHPSC, while considering cancellation and replacement of such non-starter projects, shall consider the overall allocation to the State under AMRUT and approvals granted to projects. After cancellation of non-starter projects, if there is sufficient cushion available to take up new projects and likelihood that they can be completed during the Mission period (i.e. up to March, 2020), the SHPSC shall approve replacement projects. Careful assessment of project preparedness must be done before approving the replacement project.

However, the new projects taken up against the non-starter projects can only be in the priority sectors of AMRUT, namely, water supply and decentralised septage management. Preference may be given to include additional components in ongoing projects with the objective to improve efficiency and service levels, like NRW reduction, SCADA systems, household metering / smart metering and community septage management etc.

The SHPSC will be competent to approve replacement of projects costing up to 10% of each SAAP. In case replacement of projects beyond this amount is required approval of the Apex Committee will be sought before the replacement can be done.

No expenditure including A&OE expenditure shall be permitted to be booked against any non-starter project.

7. Para 9.5

Existing text

The learnings from earlier programmes have pointed to the fact that timely release of project funds by the State Governments is critical to project completion; therefore, the States should release the CA funds along with State share to the ULBs within seven working days of release of Central share by MoUD otherwise interest at the rate specified by the Ministry of Finance shall be levied on the State for any delay beyond seven days and appropriate deductions made from future instalments.

New text

The learnings from earlier programmes have pointed to the fact that timely release of project funds by the State Governments is critical to project completion. Therefore, the States/UTs are required to release the CA funds along with State share to the ULBs nodal account of the State Mission Director within ~~seven working days~~ one month from the date of release of Central share by MoUD. Interest at the rate specified by the Ministry of Finance shall be levied on the State for any delay beyond ~~seven days~~ one month and appropriate deductions made from future instalments.

The State Mission Director shall allocate the funds to the ULBs/para statals. Regarding the release of funds, the following two options will be available:

1. Release the funds directly to the ULBs/para statals into their nodal accounts; and
2. The State Mission Directorate may keep the entire AMRUT funds (Central and State Share) in one single account with any scheduled bank. It will authorize eligibility / limits / allocations for each ULB/ para-statal as per its requirements. Based on this

authorization, using the core banking solutions, the ULB / para-statal will be operating the single nodal account (mother-child account) up to the authorized limit without any further interventions/approvals from State Mission Directorate. This will avoid any parking of funds with ULBs / para-statals while, at the same time, they will have availability, authority as well as autonomy to utilize the funds as per the project requirements. The State Mission Directorate will, however, have the power to change the above mentioned authorization / eligibility / allocations, as and when required, as per the requirements of ULBs / para-statals based on project implementation progress. This will enable re-allocation of funds to fast performing ULBs out of funds lying unutilised against slow-performing ULBs

3. The interest earned will be accounted separately for flowing back to the projects. The details of interest earned shall be taken into account while releasing further instalments of the Central assistance.

The State Mission Directors, ULBs and para-statal agencies shall be registered with Public Finance Management System. The detailed instructions on Public Finance Management System shall be issued separately.

Further, the above timelines of one month to transfer the funds from State will be applicable from 2015-16 onwards.

All payments under the Mission shall be made through electronic mode at every level including final disbursement by implementing agencies, except petty expenses or expenses out of imprest money.

8. Para 15

Existing text

15. District Level Review and Monitoring Committee (DLRMC)

15.1 A District Level Review and Monitoring Committee (DLRMC) will be constituted and Member(s) of Parliament will be the Co-chairperson with the District Collector. The DLRMC will monitor and review the implementation of the AMRUT projects.

New text

~~15. District Level Review and Monitoring Committee (DLRMC)~~

~~15.1 A District Level Review and Monitoring Committee (DLRMC) will be constituted and Member(s) of Parliament will be the Co-chairperson with the District Collector. The DLRMC will monitor and review the implementation of the AMRUT projects.~~

15 District Level Advisory and Monitoring Committee (DLAMC)

15.1 The Ministry of Urban Development has issued Guideline regarding District Level Advisory and Monitoring Committee (DLAMC) to review and monitor several programmes in urban sector including AMRUT. The Committee will monitor and review the implementation of AMRUT projects in accordance with the applicable guidelines.