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NOTIFICATION

No. B. 13019/10/2016-UD&PA, the 10th March, 2017. In compliance to the paras 11-13 of the guidelines issued by the Government of India Ministry of Finance, Department of Expenditure (Finance Commission Division) vide letter No. 13(32) FFC/FCD/2015-16 dated 8th October, 2015 for the implementation of recommendation of Fourteenth Finance Commission (FC-XIV) with regard to Local Bodies Grant (ULBs) and in supersession of Notification issued under even number dated 31.03.2015 and 24.10.2016, the Governor of Mizoram is pleased to notify that the scheme for disbursement of the Performance Grants (including quantum of incentive to be given and operation criteria) amongst the Urban Local Bodies, keeping in perspective the parameters and conditions as described in paras 1 1-13 of the guidelines as per the detailed scheme.

SCHEDULE:

1. The Government of India, Ministry of Finance, Department of Expenditure (Finance Commission Division) New Delhi has issued guidelines for release and utilization of grant recommended by the 14th Finance Commission for Urban Local Bodies vide Letter No. 13(32)FFC/FCD/2015-16 dated 08.08.2015.
2. As per the guidelines, the Urban Local Bodies of the State will get Rs.24.04 crores of Performance Grant for the award period of 2016-17 to 2019-20. The year wise share of Performance Grant to Urban Local Bodies of Mizoram State is as follows:

Sl. No.	Name of Grant	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1.	GPG	0.00	4.71	5.34	6.06	7.93	24.04

3. The Fourteenth Finance Commission has recommended the detailed procedure and operational criteria, including quantum of incentives to be given for disbursement of performance grants to Urban Local Bodies as will be decided by the State Government subject to the eligibility conditions as detailed below:-
 - i. The Municipality will have to submit audited accounts, which should distinctly capture income on account of own taxes and non-taxes, assigned taxes, devolution grants from the State, grants from the Finance Commission and grants for any agency functions assigned by the Union and the State Government, that relate to year not earlier than two years preceding the year in which the Municipality seeks to claim the Performance Grant.

- ii. The Municipality will have to show an increase in its own revenue over the preceding year as reflected in audited accounts. The improvement in revenue will be determined on the basis of these audited accounts only and on no other basis.
 - iii. The Municipality must measure and publish the Service Level Bench Marks relating to basic urban services each year for the period of the award and make it publically available. The service level benchmarks of the Ministry of Urban Development may be used for this purpose, and can use the AMRUT Guidelines to prepare a service Level improvement Plan using the techniques of Gap assessment, Planning, Convergence, Prioritisation etc.
4. The Fourteenth Finance Commission has also recommended that no additional conditions or directions other than those recommended by them for releasing these grants be imposed either by the Union Government or the State Government and the State Government will have to design a detailed procedure for disbursement of the Performance Grant keeping in perspective the parameters and conditions as detailed above.

ALLOCATION OF PERFORMANCE GRANT OF URBAN LOCAL BODIES:

5. In view of the guidelines issued by the Government of India, the scheme for disbursement/allocation of Performance Grants is as follows:-

The allocation of the General Performance Grant amongst ULBs will be made on factors of (a) population and (b) area of each ULB in proportion of 75:25 percent (%) as per the recommendation of Mizoram State Finance Commission. Their population and areas is as per Census, 2011.

SCHEME FOR DISBURSAL OF PERFORMANCE GRANTS TO URBAN LOCAL BODIES

6. The disbursement of the allocated amount of Performance Grant computed under para 5 above will be in the following manner-

Performance grant allocated will be released to the Municipality which submit the audited accounts, which should distinctly capture income on account of own taxes and non-taxes, assigned taxes, devolution and grants from the State, grants from the Finance Commission and grants for any agency functions assigned by the Union and State Government, relate to the year not earlier than two years preceding the year in which the municipality seeks to claim the performance grants. The audited accounts required for performance grant in 2016-17 will be for the year 2014-15; for performance grant in 2017-18, the audited accounts will be for the year 2015-16; for performance grant in 2018-19, the audited accounts will be for 2016-17 and for performance grant in 2019-20, the audited accounts will be before the year 2017-18. The accounts are required to be audited either by the Office of Director Local Fund Audit or/and the Office of Accountant General, Mizoram in pursuance of present arrangement of Technical Guidance and Support as per the recommendation of 13th Finance Commission, or Chartered Accountant hired by the Municipality after obtaining the approval of Government. It will also have to show an increase in own revenues over the preceding year as reflected in these audited accounts. The improvement in revenues will be determined on the basis of these audited accounts and on no other basis. Such Municipalities will also measure and publish the Service Level Bench Marks relating to basic urban service each year for the period of the award and make it publically available. The service level benchmarks of the Ministry of Urban Development may be used for this purpose, and AMRUT Guidelines can also be used to prepare a service Level improvement Plan using the techniques of Gap assessment, Planning, Convergence, Prioritisation etc.

**DISTRIBUTION OF FORFEITED AMOUNT OF THE PERFORMANCE GRANT
AMONGST ULBS IN THE EVENT OF NON-COMPLIANCE WITH CONDITIONS**

7. The State Government will release the allocated share of Urban Local Body concerned in accordance with the procedure detailed above. However, where a Municipality is unable to meet any of the conditions laid down in para 6 above by 31st March of a particular fiscal year, it will forfeit its entitlement of Performance Grant. The forfeited Performance Grant of such urban local bodies for that particular year will then be distributed to ULBs on factors of (a) population and (b) area of each ULB in proportion of 75:25 percent (%) as per the recommendation of Mizoram State Finance Commission, their population and areas is as per Census, 2011 amongst those Urban Local Bodies which will show at least an increase in its own revenue over the preceding year as reflected in audited accounts. The total income under own revenue will include income heads of Water rate & Sewerage charges, Property tax, Advertisement, Rent/Lease money and Building Application Fees & Development charges for computing overall increase in the revenue of Urban Local Bodies.

UTILIZATION OF PERFORMANCE GRANT :

8. The performance grants are to address the following issues :
- a) Making available reliable data on Urban Local Bodies receipts and expenditure through audited accounts
 - b) Improvement in own resources
 - c) In addition the urban local bodies will have to measure and publish service level benchmarks for basic services.
“No expenditure is to be made on salary component and other Office Expenditure. The 14th FC has also recommended to take stern action if irregularities in the application of funds are noticed or pointed out”.
9. The ULBs will submit the following documents/information by 30th June each year to the Director, Urban Local Bodies (i.e., Director, Urban Development & Poverty Alleviation Department) for release of Performance Grant. The Director, Urban Local Bodies (i.e., Director, Urban Development & Poverty Alleviation Department) thereafter submit the complete information duly scrutinized/ consolidated to the Administrative Department by 31st of July each year for onward submission to the Urban Development Department, Government of Mizoram.

Condition No. 1	Copy of certificate issued by the Audit authority that the accounts have been audited	
Condition No. 2	Own income for the preceding year as per audited account.	Increase/decrease
Condition No. 3	Copy of Notification of service level bench marks issued before 31st April each year	

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