RULES AND PROCEDURES FOR SANCTION OF "MLALAD FUNDS"

Objectives

With a view to increasing the participation of local people and their representatives in the planning process, which is one of the main objectives of decentralised planning, the concept of Members of Legislative Assembly Local Area Development Fund "MLALAD Fund" has been introduced in the State of Orissa since 1997-98 similar to that of MPLAD Fund introduced by Govt. of India in 1993. Under this scheme, funds to the tune of Rs.5.00 lakhs per Constituency will be provided in the State's Plan Budget every year, which may change depending on the resources position and other commitments of the State. The "MLALAD Fund" is intended to be utilised for small but essential projects/works Based on the felt needs of the local public. It is also meant to be used for providing missing links to operationalise non-operational plan assets for which funds can not be provided under any other on-going programmes. This fund is not tied to any development sector but nonetheless it shall be governed by certain guidelines, as given below and all established administration and financial procedures of the State Government for implementation of Development Programmes will apply to the utilisation funds under MLALAD Scheme.

Allocation of Funds

The MLALAD Fund will be provided in the P&C Department Budget which will be allocated among the districts in the manner indicated below :-

♦ In case of constituencies contained in a single district, the amount relating to that constituency will be provided to the district concerned.

♦ In case a constituency is contained in more than one district, the amount relating to that constituency will be provided to the respective districts in proportion to the population of the constituency, contained in the constituent districts. For the purpose of calculation of percentages, the latest published Census figures will be taken into account.

Nature of the Fund

The amount provided under MLALAD Scheme will be released in the form of Grant-in-aid for utilisation by the districts. Under this Scheme, the entire cost of a project/work would be met out of the MLALAD Fund.

Utilisation of Fund

The funds allocated to the districts will be utilised through the D.R.D.A. of the district where the project/work is taken up and the DRDA should furnish necessary utilisation certificate to the Accountant General, Orissa for the amount allocated to the district.

Financial Limit

Keeping in view the objectives of this scheme and the small budgetary provision, there shall be a financial limit as prescribed by the Government from time to time for each project/work as otherwise demands for taking up big and ambitious projects may come up and the purpose will be defeated. Accordingly, the maximum cost of a project/work to be taken up through MLALAD Fund has been pegged at Rs.5.00 lakhs for the present. Wherever public contribution is forth coming the cost of the Project could exceed Rs.5.00 lakhs to the extent of such contribution.
Admissibility

A project/work shall be considered admissible for sanction of funds under MLALAD Scheme if it

♦ is a programme of developmental nature
♦ comes under district sector schemes/subjects
♦ is non-recurring
♦ creates some assets for future
♦ benefits the public directly
♦ is a community programme
♦ is a preventive, curative, protective and/or productive programme

Inadmissibility

A project/work will be considered inadmissible for sanction of funds under MLALAD Scheme if it

- is a programme of non-developmental nature.
- is covered under under the State/Central Sector Scheme/Subjects.
- creates future liabilities.
- benefits an individual and not the public
- is a construction work taken up on a land not owned by an institution/Community/Government
- is given in form of a grant/is given for programmes of professional, business or religious associates.
- is proposed to be utilised for construction of office buildings/staffquarters/purchase of furniture/vehicles/equipment/books/stationery/expenditure on repairs and maintenance/cultural/entertainment activities etc.

Illustrative List

A list of admissible and inadmissible projects under MLALAD Scheme is given in Annexure-I. This list is only illustrative but not exhaustive. Due care should be taken while selecting the projects under MLALAD Scheme so as to reflect the intention of the scheme in selection of projects.

Other Conditions

With a view to ensuring effective utilisation of the grant timely flow of benefits and uniform spread of programme over time and space, the following procedure shall be followed for sanction of funds and execution of projects:

1. A selected project/work should be completed within the year of allotment.

2. If no expenditure is incurred within 6 months from the date of communication of sanction of funds in favour of a project due to delays and defaults of the beneficiaries the amount shall be withdrawn and diverted for some other project.

3. Fresh grants cannot be sanctioned for a project if a previous grant has not been fully utilised and utilisation certificate submitted.

4. Grants from MLALAD Funds shall ordinarily be given on fresh proposals emanating from the grass root level. The projects shall be of original nature and proposals for completion of incomplete works or for
part of any other continuing programme shall not be entertained. But
this does not apply to incomplete projects under MLALAD Scheme

**Pro-rata and contingency charges**

Execution of projects/works through MLALAD Funds shall be exempted
from pro-rata charges and contingency charges by different Departmental
Executing Agencies.

**Selection of Projects/Works**

The concerned MLA will have to recommend a priority list of
projects/works to be taken up within his jurisdiction in the district
under MLALAD Scheme during the year indicating the broad details
against each in the proforma as in **Annexure -II**.

The priority list will have to be furnished to the Collector at the
beginning of a financial year under the signature of the MLA. In
preparing the priority list, the idea of block, gram panchayat or
village need not be there. Proposals received from the MLA shall be
processed in the District Planning Office. After due scrutiny,
proposals conforming to the guidelines will be finalised by the
collector and those not conforming to guidelines will have to be
dropped by recording adequate reasons there of. However the order of
priority given by the MLA shall not be changed. If for any reason, the
Collector wants to change the priority given by the MLA, it can be done
with the concurrence of the MLA concerned. In respect of proposals
finalised by the collector, necessary plans and estimates are to be
prepared through appropriate agency and kept in readiness for sanction
of funds soon after receipt of funds from the State level after
observing due formalities. Processing of proposals should not normally
take more than 45 days. The DRDA is to release requisite funds as per
the sanction to the Executing Agencies for implementation of the
projects in accordance with the plan and the estimate. It is pertinent
to note that the cost of the project proposed by the MLA is only
approximate for which it will be the responsibility of the district
authorities to see that appropriate amount is provided to complete the
project and the total sanction be limited to the allocation received by
the district. In case there be any doubt regarding selection of a
project, the matter may be referred to the Govt. in P&C Department
whose decision will be final.

**Change in Membership**

Funds provided under the scheme is meant for the constituency, even
though there may be change of MLA in some situation or other. In view
of this, continuity in implementation of the scheme should be there
irrespective of a change in MLAs. The Collector of the district will
have to play a co-ordinating role in maintaining continuity of the
scheme even when there be any change of MLA. Irrespective of change in
MLA, the following principles should be followed in implementation of
MLALAD Scheme.

1. The priority list of projects/works once finalised by the collector
   on the suggestions of the concerned MLA should stand valid till funds
   earmarked for the constituency is exhausted.

2. Deletion of a project/work from the priority list or change of
   priority in the list of projects finalised by the collector is
   permissible on the request of the concerned MLA under his signature
   provided funds have not been sanctioned for such a project/work.
Vacancy

The seat of the MLA may fall vacant for some time on account of dissolution of the Orissa Legislative Assembly, resignation of the MLA or otherwise. On such situations, the collector will have to act upon the suggestions of the previous MLA. In case a seat falls vacant prior to receipt of project proposals for the year from the MLA or the case when the proposals of the previous MLA do not cover the amount allocated for that constituency, the collector will have to wait for proposals from the successor MLA. In case of any unusual delay for a new MLA to be in position or in the event of a MLA not suggesting project list for a long time the matter may be referred by the collector to the Government in P&C Dept. seeking their advice to deal with the situation. In case of a MLA facing difficulty in execution of the scheme at the district level, he may refer the matter to the Govt. in P & C Dept. for a solution. But however if the concerned MLA is not inclined to utilise funds allocated for his constituency during a year the same could be withdrawn by Govt. on receipt of a report from the collector after intimating the concerned MLA.

Release of Funds

Before sanction of funds preparation of plan and estimate, issue of technical sanction, administrative approval and all other formalities should be observed. The collector will select appropriate executing agency for implementation of projects and release the funds for the purpose in accordance with sanction. However expenditure are to be regulated in accordance with the progress of work. Copies of sanctions as well as release orders shall be sent to P & C Dept, P.R. Dept. and the concerned Dept./Heads of Dept. and the concerned District Level Officers and the MLA concerned for effecting coordination and linkage.

Accounting Procedure

The amount of grant-in-aid received by the district will be drawn by the concerned DRDA in grant-in-aid bills and kept in their P.L. Account till the amount is fully spent. The collectors shall be the counter signing officers of these bills. On receipt of the release order from the collectors, the P.D. DRDA shall release funds to the Executing Agencies. The Executing Agencies shall incur expenditure keeping in view the progress of work. On completion of the projects in the field, the DRDA will collect utilisation certificates and submit the same to the Accountant General, orissa with counter signature of the collector under intimation to the District Planning Office and P&C Dept. Separate account is to be maintained by the DRDA for MLALAD funds received during a year in respect of each MLA apart from maintaining their usual cash and account records.

Diversion of Funds

In case no expenditure is incurred in respect of a project for which funds has been sanctioned within six months from the date of release of funds, the amount allocated for this project shall be withdrawn and utilised for the next project waiting for funds in the priority list. But while such withdrawal is made, specific reasons in writing shall be recorded. This will not apply to cases having administrative bottle-necks. In such a case steps should be taken to remove the bottle-necks and expedite implementation.
Executing Agencies

As Executing Agencies, non-Government organisations should be encouraged. They should be entrusted with the execution of simple types of projects/works. In their absence a village committee of the managing committee of the concerned institution can be entrusted with the execution. In case a project has been proposed by a voluntary organisation, the execution of the same may be entrusted to that voluntary organisation. When such agencies are not available other Government agencies may be considered. Besides, projects involving special technical know how and/or requiring sophisticated equipment for execution may not be entrusted to voluntary or non-Government organisation. A voluntary agency shall execute the work after executing necessary agreement in the form as would be prescribed for them separately by the Dept. of Panchayati Raj or any other form as devised for the purpose. The form of agreement as prevalent at present is enclosed at **Annexure-III**

Monitoring and Supervision

The collector shall ensure effective monitoring and supervision of works taken up through MLALAD Funds. For this purpose, the District Planning Officer as well as Project Director, DRDA shall provide the required assistance to the collector. The collector may take periodical reviews of the progress of work and utilisation of MLALAD Funds and forward his review report to concerned quarters for necessary follow up action and also endorse copies of review reports to the P&C Dept. The Project Director, DRDA will have to furnish periodical reports and returns to the P&C Dept. as would be prescribed from time to time. The District Collector should also involve the MLA concerned in the supervision of projects/works being executed in his Constituency.
## Illustrative List of Admissible Projects/works under MLALAD Funds

<table>
<thead>
<tr>
<th>Admissible Projects/Works</th>
<th>Inadmissible Projects/Works</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Electrification of Harijan Basties.</td>
<td>01. State High way &amp; N.H.</td>
</tr>
<tr>
<td>02. New works of Rural Electrification.</td>
<td>02. District Roads.</td>
</tr>
<tr>
<td>03. Rural Approach Roads/Urban Link Roads/Drainage system.</td>
<td>03. Major bridges.</td>
</tr>
<tr>
<td>04. Small works to provide missing links, viz. Culverts, small bridges, deep-cause-way and other crossed drainage works (without which existing roads cannot be utilised).</td>
<td>04. Major/Medium Irrigation Projects.</td>
</tr>
<tr>
<td>05. Improvement of existing roads (only in case of where there is a danger to life or hazard to traffic).</td>
<td>05. Roads in Urban &amp; Cantonment areas.</td>
</tr>
<tr>
<td>06. Road to Harijan Basties.</td>
<td>06. Roads coming under N.R.E.P &amp; JRY.</td>
</tr>
<tr>
<td>08. Additional classroom for Primary schools where necessary.</td>
<td>08. Staff quarters.</td>
</tr>
<tr>
<td>09. Incomplete school rooms to be completed. R.C.C. roof can be made if possible.</td>
<td>09. Purchase of medicine for Hospitals.</td>
</tr>
<tr>
<td>10. Electrification, urinals, lavatories, tube-wells for primary schools, Girls' High schools.</td>
<td>10. Assistance to patients.</td>
</tr>
<tr>
<td>11. Class rooms for Ashram Schools. (in case other funds are not available)</td>
<td>11. Grants, loans, subsidies and Honorarium of any kind.</td>
</tr>
<tr>
<td>14. Water supply work in problem villages, Tube wells, Tanks, sanitary wells.</td>
<td>14. Individual assistance scheme such as seeds, fertilisers etc.</td>
</tr>
</tbody>
</table>
22. Compound wall for schools.
25. Hostels for Schools & Training centres.
27. Renovation of Public Sanitary wells and/or construction of its platform, renovation of public tanks.
28. Civic amenities in Urban slums/rural villages.
29. Structures/sheds in burial/cremation grounds.
30. Footpath, path-way and foot bridges.

21. Works relating to Commercial Organisations & Service Associations.
ANNEXURE - II

List of Projects/Works recommended by M.L.As. for sanction of funds from out of MLALAD Funds

1. District :______________  3. Name of M.L.A.____________

2. Assembly Constituency :_________________ 4.Year : ______

5.Priority list of Projects/Works recommended :-

<table>
<thead>
<tr>
<th>sl. no.</th>
<th>Name of the project/work with location</th>
<th>(Village,G.P. Block/ Ward, Unit,Town)</th>
<th>Nature &amp; Specification of work</th>
<th>Approximate Cost (in Rs.)</th>
<th>Remarks</th>
</tr>
</thead>
</table>

ANNEXURE - III

Agreement Form for Execution of Work under MLALAD funds through NGOs/ Voluntary Organisations.

This deed of agreement made ........................................
Day of ................

Between

The District Rural Development Agency ........................./ Block Development Officer ............................./Grama panchayat .....................represented through its Project Director/B.D.O./Secretary,G.P.

......1st Party

AND

The NGO/Voluntary Organisation ............ represented through its President/Secretary.

......2nd Party

On the terms and conditions hereinafter set forth, whereas the 1st party intends to construct ............ AND WHEREAS the 2nd party is willing to undertake to execute the work for an amount of Rs. ............ (Rupees ............) for ......................... work as per detailed estimate in accordance with the approved plan and specification within the stipulated period.

Now, it is mutually agreed upon by both the parties to act as specified in this indenture in the aforesaid work.
Terms and Conditions.

1. The selected work/project should be completed within the year of allotment as specified in the work order.

2. If work is not taken up expeditiously and no expenditure is incurred within reasonable time, as construed by fund sanctioning authority, from the date of communication of sanction of funds in favour of a project due to delays and defaults of the Organisation the work order shall be cancelled and work entrusted to some other organisation. The amount outstanding if any on the organization shall be recovered as per provisions of OPDR Act.

3. The estimate should be framed according to the instructions of Government issued from time to time. No escalation of cost will be charged beyond the estimated cost and sanctioned amount

4. In the case of construction of building the executing agency shall undertake the said construction work including arrangement of internal Public Health, sanitary and electrification work within the estimated amount if provided in the estimate.

5. The executing Agency shall submit the utilisation Certificate in respect of expenditure to the 1st party after completion of the work within the stipulated period.

6. No advance shall be sanctioned to the organisation before starting the work. Sanction and release of 1st advance can only be considered as per rules of Government, depending on progress of the work after completion of 40 percent of work.

SCHEDULE

<table>
<thead>
<tr>
<th>Name of work With location</th>
<th>Estimated Cost</th>
<th>Amount Sanctioned</th>
<th>Date of Issue of work order</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
</tbody>
</table>

IN WITNESS UNDER, both the parties set and subscribe their respective hands to this deed of agreement as mentioned hereinbefore.

1st Party

2nd Party

Witnesses

1.

2.

3.

UNDERTAKING

I, Shri ............ s/o ............ of Village ............ , Grama Panchayat ............ Police-station ............ on behalf of the NGO ............ / Voluntary Organisation ............ do hereby undertake that I have received the work order No. ............, dated ....... From the Project Director, DRDA, ............ /Block Development Officer ............ /Grama Panchayat ............ in respect of ............ Work in ...... Village.
2. I hereby undertake that I shall complete the work within the specified period as mentioned in the agreement/work order.

3. In the event of my failure to complete the work within the specified period to the prescribed standard of quality, the amount of advance to me and the material issued to me in Pursuance of the said work under is Rs. ..... (Rupees ..............) only shall be recoverable from me as arrears of land revenue by certificate proceedings under Orissa Public Demand Recovery Act.

In case I do not complete the work to the specified quality within above date line, I shall be liable to be criminally prosecuted u/s 409 of Indian Penal Code.

Name of the Executant
On behalf of NGO ................./
Voluntary Orgn. .................

Witness Date .................
1.
2.
3.