

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

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11th Block, 5th Floor,
CGO Complex, Lodi Road,
New Delhi- 110003.
Dated:-28-07- 2021

To

The Chief Secretary,
(All State Governments)

Subject:- Operational Guidelines for implementation of the recommendations on Urban Local body grants contained in Chapter 7 of the Fifteenth Finance Commission (FC-XV) Final Report – regarding

Sir,

The recommendation of the Fifteenth Finance Commission (FC-XV) for the award period 2021-22 to 2025-26, inter-alia, include release of grant-in-aid to State Governments for Urban Local Bodies.

2. In this regard, 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



(Abhay Kumar)
Director (FCD)

Copy to:-

- (i) The Secretary, MOH&UA, Nirman Bhavan, New Delhi.
- (ii) The Principal Secretary/Secretary (Finance), [All State Governments].

No. 15(2) FC-XV/FCD/ 2020-25
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Operational Guidelines for implementation of the recommendations of the Fifteenth Finance Commission (FC-XV) on Urban Local Bodies (ULB) grants contained in Chapter 7 of FC-XV report (Empowering Local Governments).

Introduction

1. In order to cater to the growing urbanization needs, the Fifteenth Finance Commission (FC-XV) in its Final Report has inter-alia recommended a total amount of Rs. 1,21,055 crore for Urban Local Bodies (ULBs) including Urban Agglomerations/cities for the period 2021-22 to 2025-26 in addition to the grants earmarked for primary health care, Incubation of New Cities and Municipal shared services. FC-XV in Volume-II of the Final Report have also provided year-wise and State-wise allocation under different components of ULB grants.

The Union Government vide 'Explanatory Memorandum as to the Action Taken on the Recommendations made by the Fifteenth Finance Commission in its Report for the award period from 2021-22 to 2025-26 has inter-alia accepted the recommendations of the FC-XV contained in Chapter 7 'Empowering Local Governments'.

2. Grants recommended

Since 61% of the urban population lives in urban agglomerations which include ULBs, census towns and outgrowths, the FC-XV has given differential treatment to the urban agglomerations with more than one million population in distribution of urban local bodies' grants. Accordingly, urban areas have been grouped into two broad categories for recommending grants namely Category-I cities which include urban agglomeration/cities with more than one million population (MPC) and Category-II cities which include cities other than million plus cities (NMPC). The category-wise distribution of the grant is as under;

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(a) **Category-I cities (Million Plus Cities(MPCs)):-**For the award period 2021-22 to 2025-26, FC-XV has recommended Rs. 38,196 crore in the form of Million-Plus cities Challenge Fund(MCF) out of which Rs. 12,139 crore is for ambient air quality and Rs. 26,057 crore is for meeting service level benchmarks. Grants to MPCs is linked to the performance of these cities in improving their air quality and meeting the service level benchmarks for urban drinking water supply, sanitation and solid waste management.

(b) **Category-II cities(Non-Million Plus Cities(NMPCs)):-** For the award period 2021-22 to 2025-26, FC-XV have recommended Rs. 82,859 crore for Non-Million Plus cities in two parts 'Untied' and 'Tied' grants as per details given below;

- (i) **Untied Grants :-** Rs. 33,143 crore (40% of grants for Category-II cities) is untied (Basic) grant which can be used by the ULBs on felt needs under the eighteen subjects enshrined in the Twelfth Schedule, except for salaries & other establishment costs.
- (ii) **Tied Grants:-** FC-XV has earmarked Rs. 49,716 crore (60% of grant for Category-II cities) (NMPC) for supporting and strengthening the delivery of basic services out of which Rs. 24,858 crore (50%) is earmarked for 'Sanitation Solid Waste Management and attainment of star ratings as developed by the Ministry of Housing & Urban Affairs (MOH&UA) and the remaining 50% (i.e. Rs. 24,858 crore) is tied to 'Drinking water, rainwater harvesting and water recycling'. However, if any ULB has fully saturated the needs of one category and there is no requirement of funds for that purpose, it can utilize the funds for the other category. However, such saturation will be certified by the respective urban local body and duly confirmed by the supervising authority of municipalities in the State Government and shall be submitted to the MOH&UA.

3. Distribution of ULB grants by the States

(A) **Category-I cities (Million-Plus urban agglomerations/cities):-**

(i) **Grant for Air quality improvement:** - Based on the performance of the Million-Plus urban agglomerations/cities in controlling air pollution, Ministry of Environment, Forest & Climate Change (MOEF&CC) being the nodal ministry for ambient air quality grants, will recommend distribution of Ambient Air Quality grants to the eligible cities/UAs. The Ministry shall also recommend proportional distribution of undistributed portion of grants to performing cities/UAs. The concerned State Governments will distribute allocated Ambient Air Quality grants to the eligible cities on the basis of city-wise recommendations from the MOEF&CC. Operational guidelines for Ambient Air Quality grant for the award period 2021-22 to 2025-26 will be issued separately.

(ii) **Grant for Water supply, Sanitation and Solid Waste Management (SWM):-**

These grants will be based on the performance of the Million-Plus urban agglomerations/cities in solid waste management, quality water supply, water conservation, water recycling and re-juvenation of water bodies. Ministry of Housing & Urban Affairs (MOH&UA) being the nodal ministry will recommend distribution of Solid Waste Management(SWM) grants to the eligible cities/UAs. The distribution of grants will be based on marks obtained as per the procedure detailed in para 9 below. The concerned State Governments will distribute city-wise allocated SWM grant as recommended by MOH&UA to the eligible cities. The undistributed portion of SWM grant of Category-I cities shall be distributed by the MOH&UA to cities/UAs in Category-II (NMPC) in proportion to their population as per the Census 2011.

In case of Urban agglomerations which contain more than one Million-Plus city, the concerned State Government, in consultation with all such entities within the urban agglomeration, shall entrust one Urban Local Body(ULB) as a nodal entity to receive the grants. This nodal entity will handhold other entities in the UA and shall also have the responsibility of achieving the performance indicators for the entire urban agglomeration as per the respective targets of each component relevant to Category-I cities.

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(B) Category-II cities(Non-Million Plus urban agglomerations/cities):-

For urban local bodies other than Million-Plus cities, the grants shall be distributed to each ULB 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. The States should also make allotment of grants on population basis to the Cantonment Boards. Names & other details of Cantonment Boards are provided in Annexure 7.7, Vol.-II of the Final FC-XV Report. Some cities and towns may be part of some urban agglomeration, but they will still receive the grants under this component as the Million Plus Cities Challenge Fund is an additionality in these cases.

(Note:- wherever population is to be used for distribution of grants, figures as reported in the population Census of 2011 should be used.)

4. Transfer of grant to Urban Local bodies:- State Governments on receipt of grant from the Department of Expenditure, Ministry of Finance, Government of India (hereafter referred to as Union Government) shall transfer the same to the urban local bodies concerned within ten working days. Any delay beyond 10 working days will require the State Governments to release the grant with interest for the period of delay as per the average effective rate of interest on market borrowings/State Development Loans(SDLs) for the previous year.

5. Release of Grants:- Grants as detailed in para 2 above for Category-II cities, shall be released by the Department of Expenditure, Ministry of Finance, Govt. of India in two equal installments each year in the month of June and October, subject to fulfillment of stipulated conditions as detailed below for each component. However, for Category-I cities, the grant shall be released in one installment each year based on the recommendations of the nodal Ministry and subject to fulfillment of stipulated conditions.

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6. Actions to be taken by the States in 2021-22 for getting grants from 2022-23 to 2025-26:

The States /ULBs [both Category-I (MPCs) & Category-II (NMPCs) Cities] must take the following actions to ensure their eligibility to receive the grants from 2022-23 to 2025-26. However, these will not be pre-conditions for release of grants in 2021-22.

- (i) States to notify the floor rates of Property tax and operationalise the arrangements for collection of Property tax, if not already done.
- (ii) States to issue notification for the constitution of State Finance Commission (SFC) (applicable for the States where SFCs are not constituted or their award period has lapsed) in such a way so as to have the recommendations available for laying in the State Legislature on or before March 2024.
- (iii) Million Plus cities/UAs need to submit a detailed annual report on the measures/projects undertaken as per para 9.2 for Recycling & Reuse of waste water, Rejuvenation of Water Bodies and Water Supply along with the progress achieved/milestones achieved.
- (iv) Million Plus cities/UAs to publish annually all 28 Service level Bench marks (SLBs) and targets for the year on ' www.cityfinance.in'.

7. Entry level conditions for release of Urban Local Body grants (both Category-I (MPCs) & Category-II (NMPCs)):-

In order to be eligible for receiving grants, States/ULBs have to meet the following entry level conditions in addition to the conditions mentioned in Para-6 above:

- i) During the first two years i. e. 2021-22 & 2022-23, States need to ensure online availability unaudited accounts for the previous year and audited accounts for the year before the previous of 25% of the ULBs in 2021-22 & 2022-23 and 100% of the ULBs in 2023-24 onwards by 15th August of the year to avail the full grants in that year. However, for the subsequent years, i.e. 2023-24 onwards, all the ULBs have to mandatorily prepare and make available online in the public domain annual accounts of the previous year and the duly audited accounts of the year before previous by 15th May of each year to avail full grants in that year.

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- ii) Each State Government and each Category-I City/town (In case of UAs, entity nominated/authorized by the State Govt.) shall sign a tripartite Memorandum of Understanding (MoU) with MoH&UA. The MoU shall contain the baseline level as on 01-4-2021, Service level benchmarks, annual targets/outcomes and incentives for achieving the targets for Water Supply, Water Conservation Measures and Solid Waste Management and sustaining outcomes for Swachh Bharat Mission. The MoU will be placed in public domain including on 'www.cityfinance.in'. It will be among one of the pre-conditions for determining eligibility for release of fund of the year 2021-22 onwards.
- iii) The condition of notifying the floor rates of property tax will apply for eligibility of ULBs grants from 2022-23 onwards. The States need to submit a copy of notification while claiming the 1st installment of the year 2022-23 (for Category-II/NMPCs) / fund of the year 2022-23(for Category-I/MPCs). Process of collecting the notified floor rates of property tax must be operationalised in 2022-23. Once the floor rate is notified and collection process operationalised, the condition of growth in property tax collection being at least as much as the simple average growth rate of the State's own GSDP in the most recent five years shall apply from 2023-24 onwards.
- iv) From the year 2024-25 onwards, the States will be treated as eligible for the release of grant provided that in addition to the other prescribed conditions, the States has laid the Explanatory Memorandum as to the action taken on the recommendations of Sate Finance Commission before the State Legislature on or before March, 2024.
- v) Linking of ULB account for FC-XV Grant with PFMS or with any other e-governance system fully integrated with PFMS will be a pre-condition for release of grant from 2022-23.

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Note:- (a) Grants shall be released to a State on pro-rata basis for the number of bodies complying to the conditions relevant to a particular year as detailed above.

(b) Audited accounts to be uploaded should include the minimum of (i) Balance sheet, (ii) Income and expenditure Statement, (iii) Cash flow Statement and (iv) Schedules to (i), (ii) & (iii).

(c) Local body accounts will be deemed to be available in public domain if uploaded on 'www.cityfinance.in' hosted by MOH&UA and are easily accessible to the local citizens.

[Note:-Summary of the Eligibility conditions for all ULBs is given in Annexure-III].

8. Priority Areas for Million Plus cities:-FC-XV has listed some priority areas for SWM on which the urban local bodies need to take action on priority basis for proper disposal of municipal waste to avoid degradation of urban environment. The priority areas are;

- (i) *The first priority is to address the most basic and pressing issues of stopping dumping of municipal waste and providing collection and environmentally sound disposal services to all citizens.*
- (ii) *The second priority is to introduce alternative methods of waste management in order to reduce waste disposal requirements.*
- (iii) *The third priority is closure and capping of existing dumpsites in compliance with environmental regulations and subsequent rehabilitation of old dumpsites to reduce exposure and risk to human health and the environment.*

9. Performance criteria for Million –Plus cities Challenge Fund:

9.1 General criteria:-

In order to become eligible for FC-XV grants, MPCs/ UAs will have to meet the performance criteria for entire Urban Agglomeration(UA) in addition to fulfilling the mandatory conditions. State will coordinate with all entities of UA namely MPCs, NMPCs, Census Towns, Outgrowth, industrial notified area etc. for attainment of targets against Service Level Indicators in the UA as per the targets/details/commitment made in the MoU. State will distribute the grant and monitor the progress of projects/ works for achievement of targets against Service Level Indicators. State may put in place a mechanism for monitoring the progress and achievement of targets.

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9.2 Mandatory Projects for Water and sanitation :-

State/ nodal ULB will identify and undertake projects for Rejuvenation of water bodies, Recycling & Reuse of waste water, water supply and meet following year-wise milestones for being eligible for grants.

Timeline	Rejuvenation of water bodies	Recycling & Reuse of waste water	Water supply
December' 21	- Selection of 3 polluted water bodies for rejuvenation (area > 1 acre) - Prepare scientific plan for rejuvenation - Project identification - Land availability	- Selection of projects (Min capacity- total): - For 10-20 Lakh popn: <u>20 MLD</u>, - For 20-50 Lakh popn: <u>50 MLD</u>, and - For 50 Lakh+ popn: <u>150 MLD</u> - Land clearance for the projects	- Selection of water supply projects for <u>uncovered areas</u> with <u>functional outcomes</u> - Land clearance for the projects
June' 22	- Preparation of DPR and completion of tendering process 10% work completion	- Preparation of DPR and completion of tendering process 10% work completion	Preparation of DPR and completion of tendering process 10% work completion
June' 23	40% work completion	40% work completion	40% work completion
June' 24	80% work completion	80% work completion	80% work completion
June' 25	Project Completion with clear functional outcomes	Project Completion with clear functional outcomes	Project Completion with clear functional outcomes

9.3 Marking Scheme:-

MoH&UA will assess the performance of Million Plus Cities in Water supply & Sanitation against 4 service level indicators and in SWM against 2 service level indicators as per details given below. On the basis of the marks obtained by each ULB/UA, MoH&UA will recommend the share of grant to be disbursed to each ULB/UA. The service level indicators and the maximum marks that ULB can score for each service level indicators are as below;

S. No.	Service level Indicators	Maximum marks
1.	Service level indicators for water supply & Sanitation	60
1.1	Households covered with piped water supply	20
1.2	Piped Water Supplied in litre per capita per day (lpcd)	10
1.3	Reduction in Non-Revenue Water (NRW)	10
1.4	Household covered with sewerage/septage services	20
2.	Service level indicators for solid waste management	40
2.1	Garbage free star rating of the cities	30
2.2	Sanitation including management of Faecal Sludge	10
	Total (1+2)	100

9.4 Marking criteria for water supply & sanitation:- Full marks will be awarded to a Service Level Indicator if the ULB/UA achieves the target set for that Service Level Indicator in MoU for the previous year. No marks will be awarded if performance of ULB/UA for that Service Level Indicator for the year is less than or equal to the performance in the preceding year. Proportionate marks will be awarded if the performance is better than the previous year but less than the target. The target for Service Level Indicators will be based on estimated population as on 01-4-2020 calculated on the basis of decadal population growth rate of the State as per Census 2011 population till the population figures of the new Census are available.

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9.5 Marking criteria for Solid Waste Management:-

Service level indicators	Marks	ALLOTED MARKS			
		2021-22	2022-23	2023-24	2024-25
Garbage free star rating of the cities	30	7 Star: 100%	7 Star:100%	7 Star:100%	7 Star:100%
		5 Star: 100%	5 star:100%	5 star: 100%	5 star: 100%
		3 Star: 100%	3 star:100%	3 star: 90%	3 star: 80%
		1 star: 100%	1 star: 80%	1 star: 70%	1 star: 60%
		No star: 70%	No star: 55%	No star: 50%	No star: 45%
Sanitation including management of Faecal Sludge	10	ODF ++:100%	ODF ++: 100%	ODF ++: 100%	ODF++:100%
		No ODF: 0%	ODF+: 80%	ODF+: 80%	ODF+: 80%
			No ODF: 0%	No ODF: 0%	No ODF: 0%

9.6 Performance assessment of ULBs having multiple urban entities:-

Since basic services are to be provided to the existing population/households residing within a UA, therefore, for assessing performance of an UA having multiple urban entities (e.g. Statutory towns), weighted average score as per the estimated population/households residing in all these entities in the UA will be considered for computing the final score as per example given below;

Illustration:-

Sample Calculation for score in Garbage free star rating for 2020-21:				
Constituents of UA	Weighted Population as on 01-4-2020 (figures in lakh)	Star Rating (as assessed above in para 9.5)	Marks as per para 9.5 above (Max. marks 30+10=40)	Weighted score (Col.4 xCol.2)
(1)	(2)	(3)	(4)	(5)
ULB 1	0.5	7 star	40 (100% of marks)	20.0
ULB 2	0.2	3 star	40 (100% of marks)	8.0
OG	0.2	No star	28 (70% of marks)	5.6
CT	0.1	No star	28 (70% of marks)	2.8
Score of UA for Garbage free star rating (out of 40)				36.4

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9.7 Eligibility for grants as per marks obtained :-

Tied grant will be released to the Million plus cities/ UAs based on their cumulative marks scored and subject to satisfying entry level conditions detailed in para 7 above. On the basis of the total marks obtained by cities/UA, proportionate grants shall be recommended by the MOH&UA as per the table given below;

Marks	<30	≤30 and ≤45	>45 and ≤60	>60 and ≤ 80	> 80
% of Recommended tied grant .	0%	60%	75%	90%	100%

10. Performance Criteria for Non-Million –Plus cities (NMPC):-

Tied grants have been recommended to supplement the resources needed to fulfill national priorities. Therefore, MOH&UA shall recommend release of tied grant to NMPCs (as per details in Para 2 b(ii)) for both SWM and Drinking water & waste water management system components based on the information about publication of baseline data, annual targets till 2025-26 and annual achievements thereof, fund utilization on each component, progress achieved during the year for attainment of star ratings as developed by MOH&UA in comparison with the baseline data on the 'cityfinance' portal. Achievement of targets is not a mandatory condition for release of grants. However, the NMPCs, which have achieved the targets for previous years, will be eligible for receiving the undistributed portion of grants meant for MPCs in proportion to their population as per the Census 2011.

Since, FC-XV has recommended 50% of the tied grant for Drinking water, rainwater harvesting and water recycling, therefore, MOH&UA shall advise the NMPCs on the measures/plans these cities/ULBs need to take/prepare for Drinking water, rainwater harvesting and water recycling in a timely manner within the award period so that the objectives of the grant are fulfilled.

[Note:-Summary of the Performance conditions for all MPCs and NMPCs is given in Annexure-IV].

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11. Floor Rates of Property Tax :-

States are expected to notify minimum floor rates for property tax by suitably amending the relevant State Municipality and Municipal Corporation Acts and Rules in the year 2021-22 alongwith the operationalisation of relevant arrangement for collection of property tax for being eligible for any grant from the year 2022-23 onwards. Grants shall not be released to any State from the year 2022-23 onwards if minimum floor rate is not notified. Once this pre-condition is satisfied, the State will receive grants due to those urban local bodies only that meet the condition on growth rate of property tax revenue. Notifying minimum floor rates entail;

- (i) State has to notify a minimum tax rate that has to be levied on all non-exempted properties and in all ULBs.
- (ii) Property tax calculation is linked to Guidance Value/Annual Rental Value/ Unit Area Value/Circle Rate etc. as deemed appropriate by the concerned State/Urban bodies.
- (iii) Minimum floor rate shall have different slab-wise property tax rates for different types of properties in different areas/locality with further variations for commercial, residential and industrial properties.

12. Convergence of FC-XV recommended funds:-

The FC-XV in Chapter 7 of its Final Report for the period 2021-22 to 2025-26 has inter-alia recommended tied grants for Urban agglomerations/cities [for both Category-I and Category-II] for supporting and strengthening the delivery of basic services which are national priorities. The Government of India has also launched some schemes aimed at similar outcomes like Jal Jeevan Mission etc. Urban agglomerations / cities may run tied grant components in convergence with any other scheme aided by the Union Government with similar outcomes and jurisdiction with the ultimate aim to cover maximum population within the jurisdiction of the urban body/UA or to improve the quality of the assets proposed to be constructed for the purpose. However, 15th Finance Commission grants should not be used as a State share/contribution towards any particular scheme.

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13. Grant Transfer Certificate:- In order to maintain fiscal discipline in the transfer of funds to the ULBs/State, grant transfer certificate is a pre-requisite condition to release grants to the Urban Local Bodies. States need to furnish Grant Transfer Certificate for the last installment received from the Union government in the format as prescribed at Annexure-I along with the claim of subsequent installment to the MOH&UA and the Department of Expenditure, Ministry of Finance.

14. Utilization Report:- All ULBs [nodal entity for Category-I cities(MPCs) and each Statutory town in NMPCs] to furnish annually a utilization report in the format as prescribed at Annexure-II along with the claim for the 1st installment/installment of the next year. The States need to submit utilization Reports to the nodal ministry (MOH&UA) clearly indicating the items on which expenditure has been incurred in consonance with the stipulated targets and achievements. Utilisation Report preferably be submitted online through UC module of PFMS.

15. Regarding 15th Finance Commission recommended other grants:- The 15th Finance Commission in Chapter 7 of its report for the period 2021-22 to 2025-26 has inter-alia recommended some other grants as per details given below;

(i) **Grants for Health Sector to be channelized through Local Government**:- Ministry of Health & Family Welfare in consultation & with the concurrence of the Department of Expenditure, Ministry of Finance will issue separate guidelines for the release of 15th FC recommended health sector grants to be channelized through urban local bodies.

(ii). **Shared Municipal Services-Grants for National Data Centre**:- The 15th Finance Commission in its report for the period 2021-22 to 2025-26 has inter-alia recommended Rs. 450 crore for setting up of Municipal Shared Services Centres. MOH&UA, Govt. of India in consultation & with the concurrence of the Department of Expenditure, Ministry of Finance will issue separate guidelines/ modalities for inviting proposals for the implementation of the Shared Municipal Services-Grants.

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(iii) **Competition based Grants for Incubation of New cities:-** The 15th Finance Commission in its Final Report for the period 2021-22 to 2025-26 have inter-alia recommended Rs.8000 crore to States for incubation of new cities. On the basis of the framework recommended by the Commission, MOH&UA, Govt. of India in consultation & with the concurrence of the Department of Expenditure, Ministry of Finance will issue separate guidelines/modalities for the same.

16. The role of the Ministry of Housing and Urban Affairs (MOH&UA) :-FC-XV has recommended that relative weightages for assessment of city performance on air quality is based on four parameters, namely,

- (a) Strengthening of pollution monitoring mechanism,
- (b) Source-wise cause analysis for air pollution,
- (c) Progress on action plans and compliance of statutory guidelines, and
- d) Quantification of air quality improvement.

While MoEF&CC shall handhold and monitor the urban local bodies on the above parameters, the MoHUA shall take initiative in implementing (b) and (c) by the concerned urban local bodies. The MOH&UA may also actively assist cities in reducing the source of air pollution and improving air quality in million plus cities/UAs.

Further, MOH&UA shall act as a nodal ministry for determining the eligibility of urban agglomerations to get MCF funds for drinking water (including rainwater harvesting and recycling), sanitation and solid waste management criteria under service level benchmarks. The Ministry (MOH&UA) shall evaluate the performance in service level benchmark indicators of solid waste management (attainment of star ratings), water quality and water conservation methods. In case of non-attainment of these benchmarks by an urban agglomeration, the MOH&UA, in consultation with the State Government, shall distribute the unallocated grants amongst other non-million plus cities in proportion to their population as per the procedure mentioned in Para 10 above.

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Before operationalising the Solid Waste Management & Sanitation grant, MOH&UA shall sign a tripartite Memorandum of Understanding with each State Government and Urban agglomeration for year-wise action plan, agreed outcomes to be achieved and quantum of funds to be released[as per further details in Para 7(ii) above] and ensure that these are available in the public domain. Based on the performance assessment, MOH&UA shall recommend release of grant to the Department of Expenditure, Ministry of Finance. It will also monitor the implementation of the remaining recommendations of the FC-XV with regard to ULBs.

17. State-wise Allocation of ULBs grant for the award period :-

State-wise and year-wise allocation of ULB grants including for grants to Million plus agglomerations/UAs) is provided in Annexure 7.4 to 7.6 (Vol.-II) of the FC-XV Final Report.

18. Saving:- *Notwithstanding whatsoever has been mentioned above, the Department of Expenditure reserves the right to amend/relax any of the conditions/pre-conditions as may be deemed fit to cover any unforeseen event or in case of any exigencies.*

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Annexure-I**GRANT TRANSFER CERTIFICATE FOR THE GRANT RECEIVED FOR URBAN AGGLOMERATIONS/CITIES RECOMMENDED BY FIFTEENTH FINANCE COMMISSION DURING ITS AWARD PERIOD 2021-22- TO 2025-2026.**

Name of State:-

1.	Million Plus Cities(MPC)/ Non-Million Plus Cities (NMPC)	Total No. of	MPC		Duly elected bodies in the State	ULBs in MPC	
			NMPC			ULBs in NMPC	
2.	Details of Basic Grant/Tied grant received:	Year	Instalment	Amount (Rs. in lakh)	Date of receipt		
3.	Details of Basic Grant/ Tied grant transferred*:	Year	Instalment	Amount (Rs. in lakh)	Date of Transfer	No. of days of delay	If delayed, amount of interest transferred (with rate of interest)
4.	Whether State Finance Commission (SFC) Recommendations available.	Yes/No	If yes, whether, grant distributed as per census 2011 population or as per the SFC recommendation		If No, whether notification for constitution of SFC issued.		Yes/No [if Yes, attach a copy of Notification)
5.	Whether project works undertaken uploaded on the website.	Yes/No					
6.	Whether Property Tax Notification issued (if not already in force)	Yes/No[if yes, attach a copy of Notification)					
7.	Whether ULB account for 15 th FC Grants linked to PFMS for all transactions	Yes/No					

*Strikeout whichever is not applicable.

**Please submit separate UC for separate component.

Certified that the grants have been utilized/proposed to be utilized for the purpose for which these have been provided and if any deviation is observed, the same will be intimated.

**Signature with seal of
Secretary (Nodal department)**

**Countersigned:
Signature with seal of the Finance Secretary**



Annexure –II

**GRANT UTILISATION REPORT FOR THE FIFTEENTH FINANCE COMMISSION
RECOMMENDED TIED GRANT RECEIVED DURING THE AWARD PERIOD 2021-22-
TO 2025-2026.**

(to be submitted by NMPCs & MPCs as per details in para 14 above)

Name of State:-

Name of City/UA[MPC/NMPC]:-

S. No.	Item description	Amount (Rs. in lakh)	% of total tied grant earmarked	No. of projects undertaken	Total project cost involved (Rs. in lakh)
1.	Unutilised tied grant from previous installment		x	x	x
2.	15 th F. C. Tied grant received during the year [1 st & 2 nd installment taken together]		x	x	x
3.	Expenditure incurred during the year		x	x	x
4.	Closing balance at the end of the year		x	x	x
5.	Component-wise utilisation of grant	x	x	x	x
	A. Water Management(WM)	Total % of tied grant utilised on WM []		x	x
	i. Supply of Drinking water		x		
	ii. Rain water harvesting		x		
	iii. Water Recycling		x		
	iv. Rejuvenation of water bodies		x		
	B. Solid Waste Management(SWM)	Total % of tied grant utilised on SWM []		x	x
	i. Sanitation		x		
	ii. Solid Waste Management		x		

Project details					
S.No.	Name of Project	Sector (Water Management / Sanitation/ SWM)	Location	Total Project cost	% of 15 th FC grants in total project cost

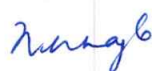
Certified that the above information has been extracted from the relevant Records being maintained in the ULB and is true to the best of my knowledge and belief.

Signature with seal of the Commissioner or appropriate Authority in the ULB

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Annexure-III**19. Summary of Eligibility Conditions for availing the grants**

S. No.	Grant Condition	2021-22	2022-23	2023-24	2024-25	2025-26
1	Linking of ULB account for 15 th FC Grant with PFMS		✓	✓	✓	✓
2	Grant transfer certificate (Annexure-I) along with the claims for grants	✓	✓	✓	✓	✓
3	Detailed utilization report (Annexure-II) for the previous installments of 15 th FC grant.	✓	✓	✓	✓	✓
4	ULBs to prepare and make available online in the public domain annual accounts of the previous year and duly audited annual accounts of the year before previous	✓ (25% ULB)	✓ (25% ULB)	✓	✓	✓
5	States to notify property tax floor rates [ULBs may refer to the property tax toolkit released by MoHUA in Sep 2020 for best practices and reform recommendations]		✓	✓	✓	✓
6	ULBs to show consistent improvement in collection of property taxes in line with growth rate of State's own GSDP ¹			✓	✓	✓
7	States to strengthen their State Finance Commission (SFC), and its recommendations and action taken reports to be tabled in State legislatures, by March 2024				✓	✓



Annexure-IV**20. Summary of Conditions specific to Million Plus Cities/UAs and Non- Million Plus Cities**

S.No.	Category-I Cities (Million Plus Cities/UAs)
1.	Signing of tripartite Memorandum of Understanding (MoU) between MoHUA, State Government, Category-I City/town (In case of UAs, entity nominated/authorized by the State Govt.) and putting of MoU in public domain including on ' www.cityfinance.in ' [refer para 7(ii)]
2.	Identification & execution of projects (meeting year-wise milestones) for Rejuvenation of water bodies and project for Recycling & Reuse of waste water and, Water supply [refer para 9.2]
3.	Yearly reporting of achievement of Million plus Cities/UAs on service level indicators as per the targets/details/commitment made in the MoU for calculation of grant eligibility as per marking scheme. [refer to para 9.2 to 9.7]
4.	Publishing online all 28 service level benchmarks and target for the year
Category-II Cities (Non- Million Plus Cities)	
1.	Publishing baseline data, annual targets till 2024-25 and annual achievements thereof, fund utilization on each component, progress achieved during the year (refer para 10)

