

RULES AND PROCEDURES FOR SANCTION OF "MLALAD FUNDS", 1997

1. **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 decentralized 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 Government of India in 1993. Under this scheme, funds to the tune of Rupees 1 Crore 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.
2. **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 :-
 - (i) In case of constituencies contained in a single district, the amount relating to that constituency will be provided to the district concerned.
 - (ii) 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.
3. **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.
4. **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 D.R.D.A. should furnish necessary utilisation certificate to the Accountant-General, Orissa for the amount allocated to the district.
5. **Financial Limit** - Keeping in view the objectives of this scheme and the budgetary provision, there shall be financial limit as prescribed by the Government from time to time for each project/work as demands for taking up big projects which are essential may come up suddenly for which funds have not been conceived of earlier under any Central State Sector Scheme. Accordingly, the maximum cost of a project/work to be taken up under MLALAD Fund has been fixed at Rs. 10.00 lakh if it is a community project and Rs.10,000/- if it is an individual beneficiary project. However, the total expenditure on individual beneficiary projects in a year should not be more than 40% of the total allocation to a Constituency in

that year. Whenever, public or undivided contribution is forthcoming the cost of the Project could exceed Rs. 10.00 lakh or Rs.10,000/- to the extent of such contribution as the case may be.

Provided that the Government in extraordinary cases with proper justification cited by the MLAs may enhance the limit of a particular project to Rs.20.00 Lakh by an exclusive Government Order and views of the Collector is to be obtained at the time of sanction of the project.

6. **Admissibility** - A Project/ work shall be considered admissible for sanction of funds under MLALAD Scheme if it -
 - (i) is a programme of developmental nature
 - (ii) comes under district sector schemes/ subjects
 - (iii) is non-recurring
 - (iv) creates some assets for future
 - (v) benefits the public directly
 - (vi) is a community programme
 - (vii) is a preventive, curative, protective and / or productive programme.
 - (viii) Provision of fire proof roofing to the houses of identified Below Poverty Line (BPL) families even if it is neither a community programme nor it benefits the public directly.
7. **Inadmissibility** - A project/work will be considered inadmissible for sanction of funds under MLALAD Scheme if -
 - i) it is a programme of non-developmental nature
 - ii) it is covered under the State/Central Sector Scheme Subjects
 - iii) it creates future liabilities
 - iv) it benefits an individual and not the public except for providing fire proof roofing to the house of identified persons Below Poverty Line (BPL) families as per the selection made by the concerned MLA
 - v) a construction work is taken up on a land not owned by an Institution/Community/Government excepting the case of identified Below Poverty Line (BPL) families as referred to at (iv) above
 - vi) it is given in form of a grant/ it is given for programmes of professional, business or religious associations
 - vii) it is proposed to be utilised for construction of office buildings/ staff quarters/purchase of furniture/vehicles/ equipment/ books/ stationery/ expenditure on repairs and maintenance/ cultural/entertainment activities, etc.
8. **Illustrative list** - A list of admissible and inadmissible projects under MLALAD Scheme is appended herewith (Annexure). 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.
9. **Other Conditions** - with a view to ensuring effective utilisation of the grant, timely flow of benefits and uniform spread of programme overtime and space, the following procedure shall be followed for sanction of funds and execution of projects:-
 - (i) A selected project/ work should be completed within the year of allotment.
 - (ii) 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 with drawn and diverted for some other project.

- (iii) Fresh grants can not be sanctioned for a project if a previous grant has not been fully utilised and utilisation certificate submitted.
- (iv) 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 not apply to incomplete projects under MLALAD Scheme.

The Competent Authority will automatically provide the balance amount from the concerned MLALAD from the next year's allotment to complete the incomplete projects.

10. **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
11. **Selection of projects/works** - The concerned M.L.A. 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. Provided that, construction of important district level infrastructures which would benefit all the constituencies of the district, Government in P & C Department may allow contribution of MLAs from constituencies located inside the district from their MLALADs'. The priority list will have to be furnished to the Collector at the beginning of a financial year under the signature of the M.L.A. In preparing the priority list, the idea of block, Grama Panchayat or village need not be there. Proposals received from the M.L.A. shall be processed in the District Planning & Development Office. After due scrutiny, proposals conforming to the guidelines will be finalised by the Collector and those not conforming to guidelines will be finalised by the Collector and those not conforming to guideline will have to be dropped by recording adequate reasons thereof. However the order of priority given by the M.L.A. shall not be changes. If for any reason, the Collector wants to change the a priority given by the M.L.A. 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 D.R.D.A. is to release requisite funds as per the sanction to the Executing Agencies for implementation of projects in accordance with the plan and the estimate. It is pertinent to not that the cost of a project proposed by the M.L.A. 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 Government in the P & C Department whose decision will be final.
12. **Change in Membership** - Funds provided under the scheme is meant for the Constituency, even though there may be change of M.L.A. in some situation or other. In view of this, continuity in implementation of the scheme should be there irrespective of a change in M.L.As. 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 M.L.A. Irrespective of change in M.L.A., the following principles should be followed in implementation of MLALAD Scheme:-

- (i) The priority list of projects/works once finalized by the Collector on the suggestion of the concerned M.L.A. should stand valid till funds earmarked for the Constituency is exhausted.
 - (ii) Deletion of a project/work from the priority list or change of priority in the list of projects finalized by the Collector is permissible on the request of the concerned M.L.A. under his signature provided funds have not been sanctioned for such a project/work.
13. **Vacancy** - The seat of the M.L.A. may fall vacant for some time on account of dissolution of the Orissa Legislative Assembly, the resignation of M.L.A. or otherwise. On such situations, the Collector will have to act upon the suggestions of the previous M.L.A. In case a seat falls vacant prior to receipt of project proposals for the year from the M.L.A. or the case when the proposals of the previous M.L.A. do not cover the amount allocated for that constituency, the Collector will have to wait for proposals from the successor M.L.A. In case of any unusual delay for a new M.L.A. to be in position or in the event of M.L.A. not suggesting project list for a long time the matter may be referred by the Collector to the Government in P. & C. Department seeking their advice to deal with the situation. In case of M.L.A. facing difficulty in execution of the scheme at the district level, he may refer the matter to Government in P. & C. Department for a solution. But however if the concerned M.L.A. is not inclined to utilise funds allocated for his constituency during a year the same could be withdrawn by Government on receipt of a report from the Collector after intimating the concerned M.L.A.
14. **Release of Funds** - Before sanction of funds preparation of plan and estimate, issue of technical sanction and 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 Planning & Coordination Department, P.R. Department and the concerned Department/ Heads of Department and the concerned District Level Officers and the M.L.A. concerned for effective coordination and linkage.
15. **Accounting Procedure** - The amount of grant-in-aid received by the districts will be drawn by the concerned D.R.D.A. in grant inaid bills and kept in their P.L. Account till the amount is fully spent. The Collectors shall be the countersigning Officers of these bills. On receipt of the release order from the Collectors, the P.D., D.R.D. A. shall release funds to Executing Agencies. The Executing Agencies shall incur expenditure keeping in view the progress of work. On completion of the projects in the field, the D.R.D.A. will collect utilization certificates and submit the same to the Accountant-General, Orissa, with the countersignature of the Collector, under intimation to District Planning & Development Office and Planning & Co-ordination Department. Separate account is to be maintained by the D.R.D.A. for MLALAD Funds received during a year in respect of each M.L.A., apart from maintaining their usual cash and accounts records.
16. **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 case & having administrative bottle-necks. In such a cases steps should be taken to remove the bottle-necks and expedite implementation.

17. **Executing Agencies** - As Executing Agencies, Non- Government Organizations should be encouraged they should be entrusted with the execution of simple types of Project/ works. In their absence a village committee or 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 Department 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.

18. **Monitoring and Supervision** - The Collector shall ensure effective monitoring and supervision of works taken up through MLALAD Funds. For this purpose, the Chief Planning and Development Officer as well as P.D., D.R.D.A., 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 Planning & Co-ordination Department. The P.D., D.R.D.A., and the C.P. D.O., will have to furnish periodical reports and returns to the Planning & Co- ordination department as would be prescribed from time to time The District Collector should also involve the M.L.A. concerned in the supervision of project/works being executed in his Constituency.

ANNEXURE-I

Illustrative list of projects/works admissible and not admissible under MLALAD funds Admissible Project/works

(1)

1. Electrification of Harijan Bastis
2. New works of Rural Electrification
3. Rural Approach Roads/Urban Link Roads/Drainage system
4. Small works to provide missing links, viz., culverts, small bridges, deep cause-way and other crossed-drainage works (without which existing roads can not be utilised).
5. Improvement of existing roads (only in case of where there is a danger to life or hazard to traffic).
6. Road to Harijan Basties
7. New class-room for primary Schools
8. Additional classroom for Primary Schools where necessary
9. Incomplete School rooms to be completed. R.C.C. roof can be made if possible
10. Electrification, urinals, lavatories, tube-wells for Primary Schools, Girls' high Schools
11. Class-rooms for Ashram Schools (in case other funds are not available)
12. Building of P.H.C./Sub-centres extension to the existing building, Labour Rooms, Operation Theatres, Wards
13. Government Ayurvedic Dispensaries/ Homeopathic Dispensaries (Construction and extension)
14. Water-supply work in problem villages, Tube-wells, Tanks, Sanitary Wells
15. Construction of check Dam, Water Harvesting Structure Small Minor Irrigation Project, Branch Canals and its improvements
16. Construction of Cattle Dispensary Building, L.I. Centre Building
17. Community Prayer Halls, Public Bhagabat Ghar repair. Construction of religious institutions by way of renovation, restoration and/or repairs of religious institutions or places
18. Public Lavatories, Public Urinals
19. Provision of drinking water facilities in Tourism Centres
20. Passenger Rest-sheds
21. Building of Government / Non-government High Schools and Colleges
22. Compound wall for Schools
23. X-ray machine for Hospitals/Dispensaries
24. Air-conditioning of Operation Theatres
25. Hostel for Schools & Training Centres
26. Hostel for Women, S.C. & S.T. Candidates
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
31. Supplementation of community lift irrigation point
32. Energisation of community lift irrigation point
33. 5% of beneficiary contribution for the Biju Krushak Vikas Yojana (BKVY) Projects
34. Plantation projects/ works to raise nurseries by people desirous of raising nurseries on their own land to supply plantation materials to the poor sections of the society free of cost can be taken up and these projects/works shall have to be implemented directly through the Forest Department or Bana Sarnkhan Samities organized by the Forest Department or Horticulture Wing of the Agriculture Department or the GPs or User Groups/Self Help Group (SHGs) to enlist people's participation on a participatory mode. Funds for the purpose shall be

placed at the disposal of the Executing Agency of respective Administrative departments for execution of projects/works in question.

35. Proposal to meet the shortfall in community/parents contribution for Drinking Water Supply Schemes proposed for Schools in rural area under “SWAJALDHARA” programme.
36. Construction of individual house hold latrines with bathing facilities in rural areas subject to condition.
 1. 100% house hold of the village will have to be covered under this programme for construction of individual toilets.
 2. The beneficiaries have to deposit 75% of the total project cost with the executing agencies in advance, in two installments of 45% and 30%.
 3. Only 25% of the project cost will be borne out of the MLALAD fund.
 4. The project proposal will be proposed by the concerned MLA.
 5. Rules and procedure for sanction of MLALAD funds, 1997 will be followed for execution of project.
37. Pani Panchayat Office Building can be constructed with a cost of Rs.50,000/- (Fifty Thousand). The upper limit of Pani Panchayat Building should not exceed Rs.3 lakh subject to the condition that
 - (a) Concerned Pani Panchayat will provide Land free of cost or the cost of the land.
 - (b) The execution of work relating to Pani Panchayat will be made by Pani Panchayat or as per the MLALAD Scheme guidelines issued by Govt. in P & C Department from time to time.
38. Construction of Laboratory buildings/Workshop and class Rooms of recognized Polytechnic /ITI.
39. Sports related projects as given below at public places.
 - (a) Development of play fields
 - (b) Buildings for sports activities
 - (c) Buildings for physical training institutions
 - (d) Buildings for multi-gym
 - (e) Fixed (immovable) sports equipment
 - (f) Multi-gym equipments
 - (g) Other public works for sports activities
40. Ambulance for Govt. Hospitals.
41. Purchase of Computer for Government and Government aided Educational Institutions
42. Water tankers
43. Purchase of furniture/books for library/Laboratory equipments/Sports equipments for Government and Government aided High Schools and Colleges.

Inadmissible Projects/works (2)

1. State High way N.H.
2. District Roads
3. Major bridges
4. Major/Medium Irrigation Projects
5. Roads in Urban and Cantonment areas
6. Roads coming under N.R.E.P. and J.R.Y.
7. Staff quarters
8. Purchase of medicine for hospitals
9. Assistance to patients
10. Grants, loans, subsidies and Honorarium of any kind
11. Assistance to disabled for equipments
12. Schemes of providing water connections on individual basis
13. Individual assistance Scheme/such as seeds, fertilizers, etc.
14. Survey, Evaluation and Research
15. Purchase of fuel/machinery for repairs for vehicles
16. Radio, Television to Community Centre
17. Gobar Gas Plant
18. Repayment of loan/clearance of Liabilities/purchase of land/land acquisition or compensation for land.
19. Office buildings, residential buildings and other buildings of Central & State Government Departments and agencies or organisations.
20. Works relating to Commercial Organisations & service associations.
21. Memorials and memorial buildings
22. Revenue Expenditure/recurring Expenditures/Expenditures inviting future recurring expenditures.

ANNEXURE - II

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

1. District
2. Assembly constituency
3. Name of M.L.A.
4. Year
5. Priority list of Projects/Works recommended

Sl. No.	Name of the Project/Work With Location	(Village, G.P. Block/ Ward Unit, Town)	Nature and Specification	Approx. Cost (in Rs.) of work	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

ANNEXURE – III

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

This deed of agreement made day of1998.

B E T W E E N

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 N.G.O/Voluntary Organisation represented through its President/Secretary.
..... 2nd Party

On the terms and conditions hereinafter setforth, 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 condition-

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 per cent of work.

SCHEDULE

Name of work With location (1)	Estimated cost (2)	Amount sanctioned (3)	Date of issue of work order (4)
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IN WITNESS UNDER, both the parties set and subscribe their respective hands to this deed of agreement as mentioned hereinbefore.

1st Party

2nd Party

Witness

1.

2.

3.

UNDERTAKING

I, Shris/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,..... 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..... /

Witnesses Date

1.

2.

3.