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No.DoNER/NLP/Guide/2016
Government of India
Ministry of Development of North Eastern Region

Vigyan Bhawan Annexe,
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Dated 29.04.2016

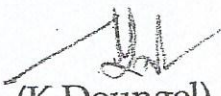
JW, PC

OFFICE MEMORANDUM

Subject: Revised Guidelines for Administration of Non-Lapsable Central Pool of Resources (NLCPR) Scheme, 2016 - Regarding

In pursuance of decision taken in 140th meeting of the inter-ministerial NLCPR Committee, the existing guidelines of NLCPR scheme has been revised and simplified in consultation with North Eastern States and other stakeholders.

2. A copy of Revised Guidelines for Administration of Non-Lapsable Central Pool of Resources (NLCPR) Scheme (2016) is circulated herewith for information and necessary action.


(K.Doungel)

Under Secretary to the Govt of India

To

1. All Chief Secretaries of NE-States
2. JS(NLCPR)
3. All Officers posted in NLCPR-Division
4. DS(IFD)

Copy for information to:-

1. PS to Hon'ble Minister, DoNER
2. PPS to Secretary, DoNER
3. JS&FA, Ministry of DoNER
4. Dir(NIC) with a request to upload in DoNER project portal

O/o the Secretary (Planning)

Diary No. 82 Date 29/5/16

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REVISED GUIDELINES FOR ADMINISTRATION OF NON-LAPSABLE CENTRAL POOL OF RESOURCES (NLCPR) SCHEME (2016)

1. Background of NLCPR Pool:

- a. The North Eastern Region (NER) comprises of eight States viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. The development concerns of these States are pursued through their respective Five Year and Annual Plans as well as those of the Union Ministries and Central Agencies. In addition, projects of inter-State nature in the Region are funded through by the North-Eastern Council (NEC), which has a separate additional budget for the purpose.
- b. The North East has essentially depended on Central funding for development works. All the States in the NER are Special Category States whose Development Plans are centrally financed on the basis of 90% Grant and 10% Loan. Further, the Special Category States are allowed to use up to 20% of the Central Assistance for Non-plan expenditure.
- c. Despite the fact that the per-capita plan outlays of the NE States over a period of time have increased yet States still rank significantly below the national average in so far as the development of infrastructure is concerned. In terms of per-capita, State Domestic Product or other development indices, such as Power, Length of Roads or Hospital Beds, the North-East ranks well below the national average. Though the literacy levels are higher than the national average, vocational training and entrepreneurial skills remain weak areas.
- d. As the benefits of economic development have yet to steadily accrue to the Region, efforts have been initiated in this direction in the recent past through various supportive measures. In October 1996, the then Prime Minister announced "New Initiatives for North Eastern Region" and stipulated that at least 10% of the Budget(s) of the Central Ministries/Department will be earmarked for the development of North Eastern States. A preliminary exercise undertaken by the Planning Commission in consultation with the various Ministries/Department revealed that the expenditure on the North East by some Union Ministries during 1997-98 fell short of the stipulated 10% of the GBS for that year. Planning Commission thereafter explored the possibility of creating a Central Pool of Resources for the North East out of the unspent amount of stipulated 10% of GBS to support infrastructure development projects in the North East. Certain Departments (e.g. Atomic Energy, Ocean Development) could be exempted, mainly for the reason that they might have little direct involvement in the Region.
- e. A proposal was mooted by the Planning Commission to the Cabinet for constitution of such a Central Pool of Resources. The Cabinet approved the approach, in principle, on 15th December, 1997, observing that the creation of the Central

Resources Pool would require Parliamentary approval and would have to await constitution of the Twelfth Lok Sabha. The Central Pool therefore, could not be constituted in 1997-98.

f. Following the Lok Sabha elections earlier in the year 1998, the matter relating to creation of the Central Pool of Resources was pursued in consultation 2 with the Ministry of Finance. The Prime Minister convened a Meeting of the Chief Ministers of the North Eastern States on 8th May 1998 when, inter alia, it was indicated that a Non-lapsable Central Pool of Resources for the funding of specific projects in these States would be created. The relevant paragraph from the Prime Minister's speech reads as under: "We are examining the feasibility of creating a Central Pool of Resources (CPR) which, in turn, will give critical additional support for an accelerated implementation of projects in the entire region. This pool, created from the unspent balance of the allocated expenditure of 10% of the budgets of the concerned Central Ministries, could well amount to around Rs.1500 crore annually."

g. This commitment of the Government was also reflected in the Speech of the Finance Minister while presenting the Union Budget for the year, 1998-99. The relevant paragraphs from the Budget Speech are reproduced below: "Furthermore, it has been decided that a non-lapsable Central Resources Pool will be created for deposit of funds from all Ministries where the plan expenditure on the North Eastern Region is less than 10 per cent of the total plan allocation of the Ministry. The difference between 10 per cent of the allocation and the actual expenditure incurred on the North Eastern Region will be transferred to the Central Pool, which will be used for funding specific programmes for economic and social upliftment of the North Eastern States."

h. Further, as part of the budget proposals 1998-99, it was announced that: "It has been decided that all Central Ministries/Departments should earmark at least 10% of their budget for specific programme of development in the North Eastern Region. To the extent of shortfall in the utilization of this provision by any Ministry/Department (except some exempted ones) according to this norm, the amount would be transferred to a new Reserve Fund in the Public Account titled 'Central Resource Pool for development of North Eastern Region'. Presently, a token provision of Rs.1 crore is being made for transfer to the fund. In Budget 1997-98, such short provision was assessed to be about Rs.1,600 crore. A similar exercise for analyzing the provisions in Central Plan specific to the North Eastern Region in Budget 1998-99 would be carried out and the Resources Pool would be enhanced at Revised Estimates stage to the extent of shortfall from the 10% norm."

i. The Union Budget 1998-99 was voted and passed by Parliament. With that, the Non-lapsable Central Pool of Resources was constituted with approval of Parliament.

j. In the conference of Governors and Chief Ministers of the North Eastern States and Sikkim held in January 2000 at Shillong the Prime Minister stated the objectives

of the Non-lapsable Central Pool of Resources. The relevant paragraph from Prime Minister's Speech is: "My Government has also created a pool of non-lapsable funds for the North-East and Sikkim. This pool, meant for funding development projects in these States, will fill the resource gap in creation of new infrastructure, which is a top priority concern of the Union Government."

k. The NLCPR Pool is maintained by Ministry of Finance. Ministry of DoNER is provided a fixed amount of fund under Annual Budgetary Allocation to support the projects under NLCPR Scheme.

2. Objectives of NLCPR scheme:

The broad objective of the Non-lapsable Central Pool of Resources scheme is to ensure speedy development of infrastructure in the North Eastern Region by increasing the flow of budgetary financing for new infrastructure projects/schemes in the Region. Both physical and social infrastructure sectors such as Irrigation and Flood Control, Power, Roads and Bridges, Education, Health, Water Supply and Sanitation etc - are considered for providing support under the Central Pool, with projects in physical infrastructure sector receiving priority.

3. Institutional arrangement to administer the NLCPR Funds.

There shall be a committee called 'NLCPR Committee' to administer NLCPR Scheme consisting of:

- (i) Secretary, Ministry of Development of North Eastern Region - Chairman
- (ii) Finance Secretary or his representative not below the rank of Joint Secretary - Member
- (iii) Home Secretary or his representative not below the rank of Joint Secretary - Member
- (iv) Principal Adviser/ Adviser, In-charge of North Eastern State (and Sikkim) in NITI Aayog - Member
- (v) Financial Advisor, Ministry of DONER -- Member
- (vi) Joint Secretary / Joint Secretaries In-charge of Non-lapsable Central Pool of Resources in the Ministry of Development of North Eastern Region - One JS being Member Convener

3.2 The functions of the Committee are:

(a) To ensure equitable distribution of NLCPR resources amongst NE States keeping in mind existing inter-State and intra-State regional disparity, Human Development Indices (HDI) including per capita income, poverty level (BPL), density of infrastructure, population, area and terrain etc. besides performance of the States in implementing NLCPR projects.

(b) To assess projects/schemes proposed by the States of the NE and Sikkim under NLCPR in terms of viability and tangible socioeconomic impact.

- (c) To recommend allocation of funds for such schemes/projects.
- (d) To closely monitor and review the progress of the projects/schemes, including the deputation of appropriate officials of the Central Government, for field inspections on a periodic basis.
- (e) To suggest policy changes to obviate procedural and other bottlenecks in the execution of programmes/projects/schemes.
- (f) The Committee would meet as often as necessary (at least once in two months) and would submit periodic recommendations to the Union Minister for Development of North Eastern Region on various aspects of NLCPR projects.

4. Project formulation and retention of projects:

- (a) State Governments to prepare a shelf of projects/Priority List and submit it along with a comprehensive concept note, including inter alia Geo-tagging, scope of work with cost, likely benefits and outcomes clearly spelling out the techno-economic viability of the project. Further the linkages with existing schemes may be brought out. For instance, if the area has been evaluated under AMRUT scheme of Ministry of Urban Development, the gap analysis may also be linked.
- (b) Ministry of Development of North Eastern Region will examine and scrutinize the concept note in consultation with North Eastern Council (NEC) and Line Ministries concerned. Further, retention of projects valuing Rs 20 crore or more will be mandatorily preceded by pre-retention field visits by officers of NEC/Ministry of DoNER.
- (c) To eliminate any duplication, the projects which can be taken up under the other schemes of Central Ministries or under the State Plan should not be included in the Priority List.
- (d) The cost indicated in the Concept Paper should be on realistic side and based on latest SOR.
- (e) NLCPR funds will not be used to fund land acquisition costs;
- (f) No staff component - either work charged or regular - shall be created by the project implementing authorities from NLCPR funds. All such requirement should be met from redeployment of surplus manpower in the department.
- (g) To avoid any element of arbitrariness, projects will be retained by using a well defined criterion. The criterion will be that the total value of retention will not exceed Normative allocation of the State x 3 minus value of projects already retained.
- (h) While retaining projects, preference shall be given to projects for bridging infrastructure gaps, building of public importance etc. recommended by State Government, including those to be proposed under PPP mode.

(i) For retaining projects, the State Governments will make a presentation before the inter-ministerial Committee of NLCPR, which on the merits of the projects will make appropriate recommendation about retention/non-retention. On approval of recommendations by Minister, DoNER, the decision on the projects will be intimated to the State Governments.

The State Government will prepare DPRs of the retained projects so intimated. The scope of the project indicated in the Concept Paper should be what is intended to be reflected in the DPR. There should not be any major change in scope of project in DPR against what was proposed in the Concept Paper.

(j) All State Governments will be required to constitute a State Level Empowered Committee (SLEC) chaired by Chief Secretary of the State and comprising Planning, Finance and other Secretaries of the State Government, as deemed necessary by the State. Joint Secretary in-charge of the scheme in the Ministry of DoNER and Financial Adviser, DoNER shall also be members of the Committee.

(k) Detailed Project Reports (DPRs) of the retained projects will be placed before the SLEC, which will scrutinize the techno-economic aspects of DPRs so prepared, and recommend its sanction/non-sanction. The cost escalation while finally recommending the project will be allowed only to the extent of 10-15% over the retained cost. In case of cost escalation recommended beyond this ceiling, the project may get dropped from the retained list.

The SLEC recommendation must be accompanied with all regulatory and statutory clearances like forest & environment, land acquisition, non duplication certificate, availability of stone quarry etc.

(l) For all road works, the DPRs should have an in-built provision of maintenance for a period of five years from the date of completion. No maintenance work/ cost of other projects would be considered from NLCPR funds.

(m) No cost overruns shall be borne by Ministry of DoNER once the project is sanctioned. However, the NLCPR-Committee in consultation with its Internal Finance Wing will review the progress of the work and will have the powers to accept variation within 10% of the approved estimate.

5. Release of funds and implementation of project.

i) After receipt of recommendation(s) of the SLEC by Ministry of DoNER, the matter will be placed before NLCPR Committee in consultation with IFD, for sanction and release of funds to the State Government.

ii) The funds shall be released by Ministry of DoNER in two installments. The first installment will consist of 40 % of central share of assistance and second installment will be for the balance central share of 60 %.

A token amount of Rs. 10.00 lakh will be released by the Ministry as part payment of the first installment so that tender formalities could be initiated and finalized by the State Government. Thereafter, the State Government will approach the Ministry with a copy of work order/award letter for claiming the release of balance of first installment of funds.

iii) It shall be mandatory on part of State Governments to award contract(s) after following a transparent tender procedure. Tender notices and contracts will incorporate binding clauses for incentives to contractors for early completion and penal provisions for delays.

iv) Works should be awarded within six month of the issue of the sanction by the Ministry and a copy of the work order endorsed to the Ministry of DoNER. In case, no work order is received by Ministry of DoNER within a period of six months of the release of first installment of funds, the sanction of the project shall stand cancelled.

v) Tender notices and contracts will incorporate binding clauses for incentives to contractors for early completion and penal provisions for delay.

vi) No work shall be undertaken before issue of Administrative Approval and Expenditure Sanction by the Competent Authority on the basis of estimates framed. Execution of Contract Agreement or Award of work should not be done before commencement of the work. Any work done prior to sanction of the project will not be funded by the Ministry.

vii) It shall be incumbent on the State Government to release the funds for the project to the Implementing Agency within a period of one month of release of funds by the Ministry of DoNER. If the released fund is not transferred to the Implementing Agency within 1 month and a copy of such transfer is not received in Ministry of DoNER, the project will stand chances of being cancelled and money utilised for completion of other ongoing projects.

viii) Tender notices etc, issued by the State Governments are necessarily to be linked to the Ministry of DoNER/NEC websites.

ix) Normally fresh sanctions will not be issued if unspent balance of a State is more than 1.5 time of the normative allocation of the State and amount of UC due is more than 5% of the total release. However, Programme Division may propose further release after being satisfied about the reasonability of the proposal in the interest of the project.

x) Second installment of central assistance will be released by the Ministry of DoNER once the State Government has mandatorily released and utilized full State share and the physical progress is not less than 50%. Further, release of second installment will be preceded by State Government furnishing Utilization Certificate

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along with physical and financial progress report, duly signed by the Secretary of the implementing Department and countersigned by the Planning Secretary of the State Government.

(xi) Projects of value of Rs.20 crore and above will be inspected by DoNER/NEC officials before release of last installment of funds.

(xii) Request for release of subsequent installments of funds submitted by the State must be accompanied with:

- Utilization Certificates (UCs)
- Progress Reports (PRs)
- Photographs of the works completed
- Inspection report of Nodal officer indicating the physical & financial progress of the project, etc.

(xiii) UCs shall be submitted in the prescribed proforma only when the expenditure on the project has been incurred by the implementing agency. Planning Secretary on behalf of the State and, in case of a Union Ministry, an officer not below the rank of Joint Secretary, should sign the UCs.

(xiv) A Completion Certificate should be submitted by the State Governments on completion of projects. On completion of projects of Rs. 20 crore and above, an inspection will be conducted by officer(s) of Ministry of DoNER /NEC and a report submitted to the Ministry of DoNER. The monitoring of a sample of 5% of the projects will be done by Independent Agencies.

(xv) Any delay in completing the projects in time will invite a cut in the subsequent normative allocation of the State Government. However, re-scheduled date of completion in the case of delay because of unforeseen circumstances can be approved by the Ministry on the recommendation of the SLEC.

6. Monitoring & Evaluation

6.1 Chief Secretary of the State shall hold quarterly meeting to review the progress of implementation of the ongoing projects under NLCPR and make available summary record of such meetings to the Ministry of DONER.

6.2 State would nominate a 'nodal officer' for each project who would be responsible for project implementation and monitoring.

6.3 Monitoring and evaluation of implementation of the project shall also be undertaken through field inspections by officers of the Ministry of DONER, as well as through impact studies, social audits and evaluations conducted by government or through independent agencies at the request of the Ministry (DONER).

6.4 Each State would ensure that the projects being funded under NLCPR are shown at Major-head to sub-head level in their plan budgets so that withdrawals from those heads as certified by audit can be matched with expenditure figures supplied by State for each project.

6.5 The State Government would ensure that the data entry of the progress of the project starting from the submission of the priority list by the State Government upto the completion of the project shall be made by the designated officials of the State Government on the online data entry Management Information System (MIS) already in vogue.

6.6 The Ministry should also review of implementation of projects with State Governments.

7. Transparency and Publicity of Information

In order to ensure that the information about developmental schemes being financed through the Non-lapsable Central Pool of Resources reaches the ultimate beneficiaries, i.e. the targeted beneficiaries, there is a need to ensure greater transparency and publicity of information. For this purpose, the following shall be ensured:

7.1 All the schemes/projects being supported from the Central Pool shall be given wide publicity in local media.

7.2 Notice Board, including social audit aspects, should be available at the project implementation site. The Board should indicate the date of sanction of the project, likely date of completion, estimated cost of the project, source of funding i.e. Non-lapsable Central Pool of Resources (Government of India), contractor(s) name and the physical Target. After completion of projects, State Government will put a permanent display on site like plaque on the wall etc. after asset is created displaying details of NLCPR funding.

7.3 State Government shall disseminate information through media, print, electronic, through appropriate means on the schemes being implemented from the Central Pool.

[Revised in 2016]
