



**Government of Rajasthan
Office of Project Director**

**Rajasthan Urban Infrastructure Development Project
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F3 (106) (32)/RUSDIP/PMU/CMS/2007/ *6865-6915*

Dated: 3.07.2009

Sub: Construction Management System - Circular No. -33

Ref: Methodology for timely deposition of Own contribution by the ULBs under RUSDIP.

1. The City Level Investment Plans (CLIP) of selected towns had been prepared after visits and meetings with different stakeholders, extensive deliberation with the public representatives and with officials of line agencies. The CLIPs were endorsed by the City Level Committees (CLC) constituted under chairmanship of District Collectors of respective project cities. After recommendation of CLC the works have been finalized by Works Finalization Committee and approved by the Empowered Committee. The ADB has appraised these works and considered in the Procurement Plan of Tranche-I & II accordingly.
2. The RUSDIP loan will be taken in three Tranches. The Loan Agreement for Tranche-I and Tranche-II have been signed on 17/01/2008 and 18/02/2009 respectively. Of the total project approval of US \$ 390 Million between GOI and the Asian Development Bank an amount equivalent to US \$ 273 Million will be in the form of loan from ADB. The loan agreements and Project Agreements for Tranche-I and Tranche-II may be downloaded from the RUIDP website.
3. For the works related to state departments (ie. works related to water supply, waste water, heritage, roads & bridges related to state, consultancy, implementation arrangement etc.); the State Cabinet in its meeting dated 05.03.2008 and further dated 30.08.2008, has approved that Government will bear corresponding share, during execution (30%) and repayment of the loan (70%) for their components and responsibility of payment, O&M of the works under its jurisdiction (Refer the Cabinet Memo's) and to implement all related reforms / loan conditions agreed in the Project & Loan Agreement.
4. For the works related to ULB's (ie. drainage, Solid waste Management, fire fighting, slum improvements, equipments for ULB's etc.); an On-lending agreement has been signed between GOR and each ULB that the ULB shall pay 30% of the cost of its respective total investment program as own contribution to RUIDP during execution. This 30% amount of own contribution shall be deposited in maximum five installments. Detailed guidelines for recovery of own contribution has been circulated separately through CMS circular.
5. The State Govt./ ULBs shall be responsible for repayment of the loan and own contribution with respect to selected works as explained below:

Name of Sector	Responsibility of repayment of loan and own contribution
Water Supply Rehabilitation & Expansion	State Govt.
Urban Environmental Improvements <ul style="list-style-type: none"> • Waste Water Management • Solid Waste Management • Drainage • Fire Fighting Services • Historical Site & Environmental Management (including important individual historical monuments) • Slum Improvements • Equipments for Waste Water, Solid Waste, Fire Fighting Management 	State Govt. Municipal Body UIT / Municipal Body Municipal Body State Govt./Municipal Body UIT / Municipal Body Municipal Body
Urban Transportation and Management <ul style="list-style-type: none"> • Roads 	Major outside roads- State Govt.; inside roads- UIT / Municipal Body

• Bridges

- Bus/ Truck Terminals and Parking

Tourism - Heritage for Employment
Community Awareness and Participation
Implementation Assistance and Capacity Building
• Incremental Administration
• Equipment and Vehicles for Implementation
• Design and Construction Supervision Services
• Project Management Services
• Interest During Construction

Infrastructure development in new residential/commercial schemes may also be considered for inclusion.

State Govt. / UIT / Municipal Body

State Govt. / UIT / Municipal Body

State Govt.

State Govt./Municipal Body

State Govt.

State Govt.

State Govt.

State Govt.

Corresponding share of State Govt./UIT/ Municipal Body

UIT / Municipal Body

- 6 **The State Cabinet vide Notification No. 120/2008 dated 4.09.08 has approved that recovery of own contribution from ULBs shall be made in five installments and first installment shall be deposited before commencement of work.**
- 7 Balance 70% amount incurred as carrying out works will be treated as on-lending loan to concerned ULB and will be recovered in 25 years including grace period of five years.
- 8 The On-lending Agreement also provides for commitment between GoR and concerned ULB to implement all related reforms in each sector.
- 9 **It has been observed that there had been problems in timely deposition of the own contribution and loan amount by ULBs during RUIDP Phase-I. The A.G. Audit took serious view on it and framed a draft para on the subject. Looking to the previous learning's pro-active approach has to be adopted for timely information and collection of own contribution from ULBs in accordance to the Cabinet decision. It has been decided that the following methodology has to be adopted:**
- A separate file should be opened in IPIU, consisting of list of works of their town; proposal from ULBs, approval of works by CLC, WFC, Empowered Committee and; ADBs Procurement Plan for each Tranche. It should also consist copies of the Loan Agreement & Project Agreement of each Tranche, On-lending Agreement with ULBs. All correspondence related to the ULBs with respect to the deposit of own contribution and loan repayments should be made from this file.
 - The amount of loan to be repaid & own-contribution to be deposited by ULBs to the RUIDP (through cheque / DD in the name of Project Director, RUIDP) shall be assessed in following manner by concerned IPIU and regularly intimate with demand note to the ULB's with a copy to PMU.
 - Immediately after issuance of notice for bid publication for the work, a demand note has to be issued to concerning ULB to deposit 1st installment of own contribution on the basis of amount mentioned in the on-lending Agreement.
 - Later on this demand note to be revised on the basis of work order amount as soon as work is awarded.
 - In case of work has already started, IPIU must issue demand note immediately to the concerning ULB with a request to deposit first installment of own contribution with immediate effect on the basis of amount mentioned in the Contract Agreement.
 - The demand note should clearly show total likely contract amount, 30% amount to be paid as own contribution by ULB and 70% amount to be treated as loan. Sample letter from EE, IPIU to MB/MC at the time of initial demand and after initial demand is also enclosed at Annexure "1".

- e. The 30% amount should further be explained with date-wise installments. Installment and period of repayment of installment should preferably be simple 1/5th part of total amount of contribution / period of completion.
 - f. It should be clearly mentioned that the amount of own contribution shown is tentative and can change with change of final contract completion amount. The amount shall finally be adjusted.
 - g. It should be understood that in case of any difference in the amounts of basic provisions in on-lending agreement for each sub-project and amount after the award of work of the sub-project due to any tender premium, price escalation, variations during execution of contract and change in scope of work etc; the amount will be added in the basic provisions from the contingencies of the town / project to the required extent. The ULB's are required to repay the completion cost of the work.
10. The IPIU's should invariably write to ULB's on quarterly basis (1st week of every quarter) about the status of amount to be deposited with break up / recovered till date. The ULB's should also be informed to have adequate budget provisions (for the current year as well as future years) for the timely payment of own contribution during and before execution of the works. Sample letter is enclosed at Annexure "2".
 11. IPIU should regularly pursue the matter with concerned ULB's for getting own-contribution amount to avoid the recovery from the Grant, Sums or Assistance payable to the concerned ULB by the GOR. In case of default of ULB in deposition of the due amount by the ULB on the due date; IPIU should immediately intimate to PMU for action for recovery from the Grant, Sums or Assistance payable to the concerned ULB by the GOR in accordance to the cabinet decision.
 12. The status of information to ULB's and reconciliation of amounts of own contribution with respect to the prevailing status of works will be reviewed and monitored with IPIU's in the review meetings.


(Dinesh Kumar)
Project Director

F3 (106) (32)/RUSDIP/PMU/CMS/2007/

E 865-6915

Dated: 3.07.2009

Copy to following for information and necessary action:

1. PS to Hon'ble Minister UDH & LSG for information please.
2. Principal Secretary, LSGD, GoR, Secretariat, Jaipur.
3. Addl. PD / FA/ Dy. PD (T)/ Dy. PD (Adm.)/ SE (WW&WS) / PO (all)/ Sr. AO / All APOs / AAO/ PA to PD PMU, RUIDP, Jaipur.
4. SE Jodhpur, Executive Engineer/APO's, IPIU, RUSDIP (Concerned), Alwar, Baran-Chhabra, Barmer, Bharatpur, Bundi, Chittorgarh, Churu, Dhaulpur, Jaisalmer, Jhalawar-Jhalarapatan, Karauli, Nagaur, Rajsamand, Sawai Madhopur and Sikar.
5. Team Leader IPMC, DSC-I, Bharatpur, DSC-II, Nagaur, DSC-III, Jhalawar, RUSDIP
6. DSC-I, Alwar/ Dholpur/ Karauli/ Sawai Madhopur, DSC-II, Churu/ Jaisalmer/ Barmer/ Sikar and DSC-III, Chittorgarh/ / Rajsamand/ Bundi/ Baran, RUSDIP.
7. ACP, RUIDP, Jaipur to send by e-mail and put up the circular on the website.


Dy. Project Director (T)



Government of Rajasthan
Office of EE.....
Rajasthan Urban Infrastructure Development Project

No.

Date:

(General Sample letter at the time of initial demand)

Executive Officer,
Municipal Council/Board/UIT
.....(Concerned City)

Sub: Demand note for deposition of own contribution by the ULBs under RUSDIP.

Sir,

An On-lending agreement has been signed with the state Govt. and MC/MB/UIT on dated The list of works with tentative cost was also annexed with On-lending agreement. There are certain works for which ULB has to bear the full cost. The ULB has to pay 30% amount as own contribution during execution and 70% amount to be treated as loan for such works.

The State Cabinet has approved that recovery of own contribution from ULBs shall be made in five installments and first installment shall be deposited in advance before commencement of work. In the case of non-payment same may be recovered by state from any Grant, Sums or Assistance payable to the concerned ULB.

Accordingly, the first installment needs to be deposited as soon as bids are invited and the remaining four installments to be deposited at an interval of 1/5th contract period of completion of contract. It should be noted that the amount shown in own contribution is tentative and can change with change of final contract completion amount. The amount shall finally be adjusted after completion of works. For ready reference it is explained in the following illustrations.

Total contract amount	Rs. 1 crore
Total Loan part (70%) of total contract amount	Rs. 70 lacs
Total own contribution (30%) of total Contract amount	Rs. 30 lacs
Installment of contribution 1/5*30 lacs	Rs. 6 lacs
Total completion period	30 months (2 ½ years)
Bid publication date	15 th May 2009
NTP issued on	1 st Sept 2009
1 st Installment of Rs. 6 lacs due on	15 th May 2009
2 nd Installment of Rs. 6 lacs due on	1 st March 2010
3 rd Installment of Rs. 6 lacs due on	1 st Sept 2010
4 th Installment of Rs. 6 lacs due on	1 st March 2011
5 th Installment of Rs. 6 lacs due on	1 st Sept 2011

At present the likely amount to be deposited/ future liabilities on the basis of on-lending agreement details/ updated on the basis of award of works are as per enclosed Table-1. Accordingly the amount of Rs. ----- is due to be deposited by MC/MB immediately.

You are therefore requested to ensure that the required own contribution as per table-1 is deposited to RUIDP/available in the board and accordingly make budgetary provisions in the budget.

Yours sincerely

Executive Engineer

Copy to following for information please

1. Project Director, RUIDP Jaipur.
2. Financial Advisor, PMU, RUIDP, Jaipur

Executive Engineer

**Government of Rajasthan
Office of EE.....**

Rajasthan Urban Infrastructure Development Project (RUIDP)

No.

Date:

(General Sample letter after initial demand)**Executive Officer,**
Municipal Council/Board/UIT
.....(Concerned City)**Sub: Demand note for deposition of own contribution by the ULBs under RUIDP.****Ref:(give reference of earlier letters)**

Please refer above letter vide which list of works with tentative cost of works, likely installment and likely date of deposition of installments during execution was sent for deposition of installments of own contribution on due date.

The updated information regarding the status of work and the due amounts of installments to be deposited is enclosed as detailed in Table-1 & 2. Accordingly you are required to deposit the following amounts:

- 1 Rs.------(immediately)
- 2 Rs.------(due on date... next date)

It is requested to deposit the required amounts so that there is no adverse effect on work progress due to non availability of funds for theses works. It may please be noted that in case the above amount is not deposited; RUIDP has to request the GoR for recovery of such amounts from any Grant, Sums or Assistance payable to MC/MB.

Yours sincerely

Copy to following for information please

- 1 Project Director, RUIDP Jaipur.
- 2 Financial Advisor, PMU, RUIDP, Jaipur

Executive Engineer**Executive Engineer**

Table-1

List of works with tentative cost of works and likely installments of own contribution

SN	Package ID	Package description	Contract amount/ Likely contract amount	Execution period	NTP issue date	Loan Amount (70% of work)	Amounts of own contribution to be deposited (30% of work)										Remarks (status of works)		
							1 st Installment		2 nd Installment		3 rd Installment		4 th Installment		5 th Installment			Grand Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (4) x 0.3/5		(9) = (4) x 0.3/5		(8) = (4) x 0.3/5		(9) = (4) x 0.3/5		(10) = (4) x 0.3/5		(11) = (4) x 0.3	(12)	
							Amt.	Date	Amt.	Date	Amt.	Date	Amt.	Date	Amt.	Date	Total Amt.		

Table-2

Status of amount deposited and balance amount (status as on date.....)

SN	Package ID	Package description	Contract amount/ Likely contract amount	Execution period	NTP issue date	Total Own contribution amount (30% of work)	Own contribution amount due on above date	Amount deposited till date	Balance amount due	Remarks (status of works)
(1)	(2)	(3)	(4)	(5)	(6)	(7) = 0.3X(4)	(8)	(9)	(10) = (8)-(9)	(11)