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GOVERNMENT OF TAMIL NADU

Abstract

Urban Development - Town and Country Planning Development Fund constituted under section 64 of the Town and Country Planning Act 1971 - Moneys allocated to Fund from time to time - conversion from loan to grant - orders - issued.

Housing and Urban Development Department

G.O.Ms.No.630

Dated 2nd July 1990

Read:

1. From the Director of Town and Country Planning letter No.22887/84/UP4 dated 22.2.87, 2.6.87, 14.8.87 and 18.1.88.

Read also:

2. G.O.Ms.No.2486 Rural Development and Local Administration Department dated 22.12.76.
3. G.O.Ms.No.272 Housing and Urban Development Department dated 18.3.85.
4. G.O.Ms.No.891 Housing and Urban Development Department dated 1.9.89.

Order:

Section 64 of Town and Country Planning Act 1971 provides for constitution of a State Town and Country Planning and Development Fund for the purpose of furthering the Town and Country Planning functions and for allocation of money to the fund by the State Government from the consolidated funds of the state, from time to time. Accordingly, the Government constituted a Tamil Nadu Town and Country Planning Development fund in G.O. second read above and also framed rules thereunder. The Committee of State Town and Country Planning Board constituted by the Government in G.O. third read above has been vested with the powers to administer the above fund. The above Committee is vested with the authority to sanction schemes to the limit of Rs.30.00 lakhs. The day-to-day administration of the fund is vested with the Director of Town and Country Planning and funds are operated by the Director through a P.D. Account opened in the name of the Director in State Bank of India, Thousand light Branch.

2. The fund is being operated till date by transfer of budgetary support in the form of loans to the Town and Country Planning Development fund for implementation of centrally sponsored Integrated Development of Small and Medium Towns and a parallel

scheme called State Integrated Urban Development Project. While the cost of the centrally sponsored scheme is met by the State and Central Governments by way of loan on a matching basis (50:50) the State Integrated Urban Development Project schemes are funded exclusively in the form of loan by the State Government. At present, each of the towns selected to implement the Centrally Sponsored Integrated Development of Small and Medium Towns is eligible for a maximum loan assistance of Rs.120 lakhs on a matching basis. The funding pattern in the State Integrated Urban Development project provides for a maximum loan assistance of Rs.30.00 lakhs per town/project or projects.

3. Since the inception of the Town and Country Planning Fund upto 31.3.90 a sum of Rs.33.31 crores under Integrated Development of Small and Medium Towns comprising of State and Central Government share and Rs.16.51 crores under State Integrated Urban Development Project provided for a budgetary support, totaling Rs.49.82 crores have been transferred to the Town and Country Planning Development Fund for implementation of Centrally sponsored Integrated Development of Small and Medium Towns and State Integrated Urban Development Project Schemes.

4. The Centrally sponsored Integrated Development of Small and Medium Towns at present carries an interest of 9.75% with 5 years moratorium on the repayment of principal only, and a repayment period of 20 years. The State Integrated Urban Development Project schemes are also operated in a similar pattern by the rate of interest charged is 14% in the case of Corporations, Special Grade, Selection Grade and First Grade Municipalities and 12% in the case of second and third grade Municipalities and Town Panchayats. By and large, schemes hitherto, taken up under both Integrated Development of Small and Medium Towns and Integrated Urban Development of Projects are remunerative in nature. This is to ensure that funds transferred to the Town and Country Planning Development Fund does not dry up too soon in taking up schemes, which are unproductive from the remunerative point of view.

5. The Director of Town and Country Planning has suggested that if all the funds that have been sanctioned by the Government to the Town and Country Planning Development Fund during 5th, 6th and 7th plan period are treated as grant and repayment of loans and integrated by the Local bodies recycled for funding urban development schemes, rotation of the amount for funding urban development scheme, rotation of the amount would be adequate not only to maintain the present level of funding for the urban development but also the Government need not be approached for any further allocation of funds beyond the 7th plan period. The Committee of Town and Country Planning Board at its meeting held on 2.1.87 has already unanimously resolved to request the Government to issue necessary orders treating the budgetary support made to the fund as grant and also permitting the fund to retain the interest and principle received from local bodies on loans sanctioned to the implementation of these schemes in the fund itself for recycling purpose.

6. The matter of treating the funds transferred to the Town and Country Planning Development Fund from that of loan to that of grant was under examination in the Government for some time. After analysing all aspects of the matter and considering the

successful implementation of the scheme by and large and the beneficial influence in meeting the resource position of the local bodies concerned, which have taken up the schemes, the Government have now decided to treat the funds transferred to the Town and Country Planning Development fund from the loan to that of grant. Accordingly, Government pass the following Orders:-

- i) The state of Town and Country Planning Development Fund shall function as a revolving fund for furtherance of urban development in the state.
- ii) The revolving fund shall be utilised for translating the proposals of Development plans prepared in accordance with the provisions of State Town and Country Planning Act into specific action programmes.
- iii) In extending the financial assistance from the Revolving fund of the Town and Country Planning Development fund, priority may be given to small and medium towns viz. Towns which are mostly Town Panchayats, second and Third grade Municipalities as Towns of higher order than the one mentioned above have now facilities to access the Municipal Urban Development Fund window created under the Tamil Nadu Urban Development Project fund window bank aided programme as well as the Tamil Nadu Urban Infrastructure and Finance Corporation set up by the Government in G.O.Ms.No.854 Municipal Administration and Water Supply Department Dated 18.11.89 and G.O.Ms.No.143 Municipal Administration and Water Supply Department dated 12.2.90.
- iv) Projects to be funded from the Revolving fund shall comprise of a package of both essential infrastructure schemes and remunerative enterprises, which taken together shall be viable enough to sustain the debt service requirements. In this regard, the Committee of the Town and Country Planning Board is authorised to decide the loan grant mix as well as the rate of lending depending upon the financial status of the local body and its capacity to service the debt burden.
- v) All loans outstanding to State Government under the state Integrated Urban Development project as on 31.3.90 and 50% of the loan outstanding to the State Government under Integrated Development of Small and Medium Towns as on 31.3.90 shall stand converted as a grant to the state Town and Country Planning Development Fund., This will be approximately Rs.33 crores.
- vi) Budgetary support in future shall be only on Integrated Development of Small and Medium Towns a centrally sponsored scheme, state providing 50% matching share.

- vii) The funds shall be properly managed so that grant/loan mix is so arranged that an increasing profile of activity is possible and financial situation of small towns shall be monitored effectively so that they came pay promptly.
4. The conversion of loan as grants sanctioned in para 6 (v) above to Tamil Nadu Town and Country Planning Development Fund shall be debited to a new sub head of account : JF Tamil Nadu Town and Country Planning Development Fund 09. Grants in Aid to be opened under 2217 Urban Development 80 General 800 other expenditure schemes in the Eight Five Year Plan II State Plan 2217 80 800 JF 0906.

The above conversion as grants shall not be paid in cash but adjusted by giving contra credit to the following head of account as under:

Integrated Urban development programme loan amount (Rs.16.51 crores).

6217 Loans for Loan Development 01. State Capital Development 800. Other loans-schemes in the Eighth Five Year Plan II. State Plan JD Transfer to Town and Country Planning Development fund (DPC 6217 - 01 - 800 - JD 000 F ® and

Integrated Development of small and medium towns loans amount (Rs.16.65 crores).

The loans amount relating to Integrated Development of Small and Medium Towns shall be credited to;

6217 Loans for Urban Development 03 Integrated Development of Small and Medium Towns 191 loans to local bodies corporations etc. schemes in the Eighth Five Year Plan Development Programme for small and medium towns under the control of secretary to Government. Housing and Urban Development 01. Loans to Town and Country Planning Board (DPC 6217 03 191 SA 010J)

5. As the expenditure sanctioned in para 6 above constitutes an item of "New Service" and the approval of the State Legislature will be obtained in due course. Hence the Director of Town and Country Planning is requested to send necessary "Note for supplementary estimate" for inclusion in the First Supplementary estimate for 1990-91 at the Appropriate Stage.
6. This order issues with the concurrence of Finance Department vide its U.O.No.3554/FS/P/90 dated 29.6.90.

(By Order of the Governor)

C. Chellappan
Secretary to Government

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