GOVERNMENT OF KERALA

Abstract

Finance Department – Constitution of Asset Maintenance Fund - Orders Issued.

FINANCE (PLANNING B) DEPARTMENT

G.O.(MS) No.343/09/Fin. Dated, Thiruvananthapuram, 14.8.2009.

O R D E R

The physical and infrastructural assets created as a part of the development process in the State have not been properly looked after mainly due to meagre maintenance provision in the budgets as a result of the fiscal stress faced by the Government. With the result, the State Government and Local Self Governments have accumulated maintenance deficit leading to sub optimal services and even collapse of the assets in certain cases. Therefore, an Asset Renewal Fund was set up to ensure the timely maintenance of the assets .But it has not been possible to operationalise the fund in a significant way.

2.In the Budget Speech 2009-10,it was announced that an Asset Maintenance Fund would be set up to ensure timely renovation and maintenance of institutions that predominantly render services to the poor such as public offices and Government hospitals, schools, colleges etc.

3.Government have examined the matter in detail and are pleased to order setting up of an Asset Maintenance Fund in lieu of the existing Asset Renewal Fund.

The rules governing the scheme of Asset Maintenance Fund namely '**Kerala Asset Maintenance Fund Scheme 2009'** are appended to this order.

4. The closing balance of Rs.135.97 crores in the erstwhile Asset Renewal Fund as on 31.3.2009 will be treated as the opening balance of the newly constituted Asset Maintenance Fund as on 1.4.2009.

5. The rules issued for the erstwhile Asset Renewal Fund will cease to exist on issuance of this order

(BY ORDER OF THE GOVERNOR)

L.C.GOYAL
ADDITIONAL CHIEF SECRETARY (FINANCE)

To

The Accountant General (Audit)/(A&E), Kerala, Thiruvananthapuram
The Secretary to Chief Minister
The private Secretaries of all Ministers
All Principal Secretaries/Secretaries to the Government
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KERALA ASSET MAINTENANCE FUND SCHEME – 2009

1. **SHORT TITLE AND COMMENCEMENT**
   a. This scheme shall be called the Kerala Asset Maintenance Fund scheme 2009
   b. It shall come into force with effect from the Financial Year 2009-10, replacing the Kerala Asset Renewal Fund Scheme 2004.
2. **Definitions:-**
   a. Asset means the fixed structures like buildings, bridges etc, machinery and equipments and fixtures of permanent or semi-permanent nature that form part of infrastructure facilities of Government /Local Self Government institutions that are essential for imparting effective services to the citizens.
   b. 'Asset Maintenance Policy" means the policy dated 10 October 2002, as modified by State Government from time to time on renewal of State assets with regard to maintenance and capital expenditures for social infrastructure including buildings for Public Offices, Primary Health Centres, Schools, Colleges, Hostels, Child health and day care centres (Anganwadis), Hospitals and Police Stations etc, special attention being given to maintenance and conservation of buildings of heritage value.
   c. "Asset Maintenance Fund" means the fund set up by the State to implement the Asset Maintenance Policy.
   d. All other words and expressions use herein but not defined in the scheme shall have the meanings respectively assigned for them in the scheme.
3. **Period of operation of the scheme:-**

   The scheme will be in operation from 2009-10 onwards
4. **Major Assets covered under the scheme for renewal**

   The assets, which are of relevance to the poor and where ordinary people frequent would be chosen for improving the existing assets and emphasis would be given to geographic areas, which have higher incidence of poverty and assets which require maintenance for their heritage values . Assets that would be taken up for maintenance would include:

   1. Public Offices, frequented by poor and ordinary people, viz. Secretariat, Collectorates, Village Offices, Rationing offices, Village Panchayat office etc.
   2. Hospitals
   3. Schools and Colleges

4. Hostels
5. Care Institutions
6. Anganwadies/balavadies
7. Community Sanitation Complexes
8. Police Stations

5. Objective of the Scheme

Over the last several decades Kerala has created a reasonable good physical and social infrastructure. Though these assets have been created at a substantial cost both investment and opportunity cost these assets have not been properly looked after due to meager maintenance provision in the budget and several Public assets are in bad shape. Even the general desire to have a large plan size and the strict guidelines in force for the use of plan funds for new projects have while contributing to creation of new assets left behind the repair and maintenance of old assets created. The net result had been that both the State Government and the Local Self Government have accumulated an increasing maintenance deficit leading to sub optimal services from the assets created and in many cases premature failure/collapse of the assets. Improvement of services delivered by Government institutions and those under Local Self Governments can be achieved only if assets attached to such institutions are properly maintained. Therefore Asset Maintenance Fund has been created with the objective of ensuring continued maintenance of existing assets in the selected institutions.

6. Constitution of Asset Maintenance Fund

An "Asset Maintenance Fund" (hereafter referred to as the Fund) for the purpose of providing financial assistance for maintenance of assets in the selected institutions is constituted, to which budget provisions made by State Government from time to time would be credited.

7. Contribution to the Fund

The balances in the erstwhile Asset Renewal Fund retained in the State's Public Account will stand transferred to this Fund. The Fund will be supplemented with contributions by State Government for which suitable budget provision shall be made from time to time depending on the extent of maintenance/rehabilitation required on assets taken up for investment out of this fund.

8. Utilisation of Fund

The Fund is to be disbursed to the implementing agencies based on the approved work plans prepared by the implementing agencies subject to the fulfillment of definite

terms and conditions forming part of guidelines for the administration of funds. The fund will be utilised primarily for maintenance of existing assets and not for creation of new assets. Necessary budgetary allocations, wherever necessary, will be made in the budgets of the implementing departments towards 'Expenditure met out of the Asset Maintenance Fund'.

9. Administration of the Fund

A State Level Committee with Finance Secretary as Chairman and Secretary (Finance-Expenditure), /Principal Secretary/Secretary of the General Administration, Planning, General Education, Health and Family Welfare, Home, Revenue, and Social Welfare as members would administer the Fund.

10. Functions of the State Level Committee

a) The Committee will decide on projects to be taken up for maintenance and rehabilitation under the scheme and also on all matters concerned with the financing of the projects from out of the Fund.

(b)The Committee will examine the eligibility of the proposal received from the Administrative Department for funding based on the prescribed guidelines and accord sanction

(c)The Committee will be responsible to ensure that the money authorized and drawn from the Fund is utilised for the purpose for which Fund has been set up.

11. Pattern of Funding

The pattern of funding from out of the Fund for maintenance of assets will be as to be decided by the State Level Committee.

12. Implementing Agencies

The funding under the scheme will be extended to the following agencies/departments based on quarterly work plans.

i. Revenue Department
ii. General Education Department
iii. Health Department
iv. Taxes Department (Sub Registrar offices)
v. Home Department
vi. Social Welfare Department
vii. Civil Supplies Department
viii. The General Administration (HK) Department

13. Accountant General would make a special audit of the Fund every year.

14. Procedure for release of funds:

i. Proposals for authorization of funds out of Asset Maintenance Fund shall be recommended by the Secretary of the Administrative Department concerned.

ii. The State Level Committee shall consider the proposals of the Administrative Department and communicate the decisions as minutes signed by the Chairman

iii. The Administrative Department will issue formal administrative sanctions based on the decisions of the Committee.

iv. The utilisation of funds will be monitored by Nodal Sections of the Departments concerned.

v. Existing guidelines/instructions on reconciliation of expenditure with the treasury and the Accountant General will be followed in the case of expenditure from the Asset Maintenance Fund also.

15. For Preparation of estimates and execution of works including purchases, in any, the procedures / guidelines as applicable in the case of regular works/purchases in State Government will be followed.

16. Drawing and disbursing officers concerned shall follow all the existing rules and procedures in effecting payments out of funds released from the Fund.

17. Utilization of funds released shall be subjected to audit by the Accountant General.

18.Accounting:

The expenditure by way of transfer of funds from State's consolidated Fund to the Asset Maintenance Fund will be debited to the the head of account '2075 Miscellaneous General Service-00-797 Transfer to Reserve Fund/Deposit Account-99 Asset Maintenance Fund' with a corresponding credit under the the head of account '8229 Development and Welfare Funds- 200 Other Development and Welfare Funds- 94 Asset Maintenance Fund' under State's Public Account. The expenditure on Maintenance of assets will be initially debited against the provision specifically made for the purpose under the functional major head of account of the respective department to which the asset belongs and an equal amount transferred to the Asset Maintenance Fund by debit to '8229-200-94 Asset maintenance Fund'. An equivalent amount will be credited under Part III Recoveries below the functional major head of the respective department to which the the expenditure was initially debited.