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No. 20011/5/73-E.IV(B)
Government of India
Ministry of Finance
(Department of Expenditure)

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New Delhi, the 17th January, 1975.

OFFICE MEMORANDUM

Subject:- Construction Projects - Grant of Project Allowance -
General Principles.

In supersession of O.M. No.7/4/E.II(B)/60 dated the 23rd March, 1960, as amended from time to time, the undersigned is directed to say that it has been decided by the President that the following General Principles and procedure shall govern the grant of project allowance to the staff employed on construction projects:-

I. Conditions.

- (i) The project allowance is to be given only for large scale projects and not for the construction of individual buildings. It will not be admissible except in such projects which have been declared by special orders by Government as qualifying for the grant of the same. Generally, the allowance will be sanctioned only if the execution of the project involves the establishment of a large construction organisation and the construction is spread over a number of years. The allowance is intended primarily to compensate the staff for lack of amenities such as housing, schools, markets and dispensaries etc. Where reasonable amenities already exist, there would be no justification for the grant of the allowance. Government would fix a time limit at the time of sanctioning the project allowance initially, and it would be extended only if conditions warrant the continuance of the same.
- (ii) These orders would apply to Central Government employees working in Central Govt. Projects, State Govt. projects and projects managed by autonomous bodies/corporations, wholly or substantially owned or controlled by Government and where entitlement is governed by Central Govt. rules/orders.
- (iii) The allowance will not be admissible to staff recruited on ad-hoc scales of pay, such as daily rated or casual labour and staff paid from contingencies.

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(iv) The allowance will be admissible only to such staff as are employed on the project and reside within the project area or in a nearby locality. The allowance may also be granted to such Central Government staff of other Departments as have their offices located in the project area for the work of the project, provided they reside within the project area or in a nearby locality. As an exception, the allowance may also be granted to an employee residing outside the project area, subject to the following conditions:-

- (a) He should be residing outside the project area due to the nonavailability of the residential accommodation in the area and not because such an arrangement is more convenient to him; and
- (b) No facility of free or subsidised transport is available to such an employee for journeys to and from the project.

Note:- The term "project area" will be the area defined as such by Government in respect of each project for which the project allowance is sanctioned.

(v) The continuance of the allowance would not be justified for the staff of the project when reasonable amenities have been provided in the project area. Hence the allowance sanctioned originally for such staff shall be reduced in stages after a review of the amenities provided, until it is withdrawn finally. As an exception, in the case of temporary construction staff who have not been absorbed in the project on a regular basis, the allowance may be continued on a reduced scale until such staff are finally discharged so long as constructions of any magnitude go on. This concession will, however, be allowed only for a reasonable limited period.

(vi) The allowance will not be admissible during the periods of transfer out of the project area exceeding two months or during leave for a period exceeding two months, provided that the allowance may be paid for another period not exceeding two months, if the extended period of leave is on medical certificate.

During the period of suspension, the allowance will be regulated in the same manner and subject to production of a certificate, as prescribed for city compensatory allowance in the Ministry of Finance O.M. No. 2(37)-E.II(B)/64 dated 27.11.65 as amended from time to time and will be admissible only so long as the headquarters of the Government servant under suspension continues to be located in the project area.

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During the period of joining time, the allowance will be regulated in the same manner as City Compensatory allowance.

(vii) In regard to State projects and projects managed by autonomous bodies/corporations, the Central Government employees will be eligible, subject to the conditions mentioned in these orders for the grant of project allowance from the date they join their duties at the project site, if the employees of the State Government/autonomous body/corporation concerned are already getting it.

(viii) If the project is located at a place where compensatory city allowance and/or house rent allowance or any other special compensatory allowance are admissible, no project allowance will be admissible. Where, however, the project is situated in the proximity of such a place, a project allowance may be sanctioned if justified, but the ceiling for the project allowance for such cases would be limited to 50% of the ceiling mentioned below. In such a case, the individuals will have an option to draw either the project allowance or C.C.A./H.R.A., as may be admissible. In cases where rent free accommodation or H.R.A. in lieu is given to an employee, as a condition of service or as a project concession, the project allowance will be reduced by 25%.

II. LATE OF ALLOWANCE

(i) The project allowance shall be subject to the following ceilings:-

<u>Pay Range</u>	<u>Rates</u>
Upto Rs.600	15% p.m.
Rs.601-700	Rs.100 p.m.
Rs.701-1450	Rs.125 p.m.
Rs.1451-1750	Rs.150p.m.
above Rs.1750	Marginal adjustment upto Rs.1900.

Note:- The term 'pay' referred to above has reference to the revised scales of pay as notified in the CCS (R.P.) Rules, 1973 as amended from time to time. For persons who have elected to retain the pre-revised scales of pay or who are still drawing pay in the pre-revised scales of pay, the Project Allowance will be admissible at the above mentioned rates, but in their case 'pay' will include Dearness Pay, Dearness Allowance and Interim Relief at the rates in force on 31.12.1972.

(ii) For the purpose of calculating the project allowance pay shall include special pay, as defined in F.R.9(21) (a) and not any kind of allowances.

(iii) The Government will fix the quantum of allowance at the time of sanctioning it and also each time it is reviewed.

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III. PROCEDURE FOR SANCTIONING THE PROJECT ALLOWANCE

All cases in which it is proposed to sanction project allowance shall be referred to the Ministry of Finance (Establishment Division) through respective associate Finance Branch in the proforma enclosed (Annexure). Subject to the fulfilment of the conditions enumerated above and after such consultation with other Ministries/ Departments as may be considered necessary, sanction for grant of project allowance will be issued in all cases by the Ministry of Finance.

2. These orders take effect from the date of issue and will apply to cases where it is proposed to grant project allowance hereafter. Where project allowance is being paid at present, the same will continue to be paid at the existing rates with reference to pay in the pre-revised scales of pay in terms of this Ministry's O.M. No. 20011/5/73-E.IV(B) dated 30.11.1973 and 25.7.1974, till the expiry of existing sanctions. If the continued grant of project allowance is found justified in those cases beyond that period, the revised rates will apply. The cases, where project allowance has been sanctioned without time limit, will be reviewed within one year from the date of issue of these orders and if the continued payment of project allowance in these cases is found justified, the revised rates will apply only after the review.

3. In so far as persons serving in the Indian Audit and accounts Department are concerned, these orders issue after consultations with the Comptroller & Auditor General of India, New Delhi.

Sd/- (C.N. SUDARSANAN)
UNDER SECRETARY TO THE GOVERNMENT OF INDIA.

To

All Ministries/Department of Government of India etc.etc.

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PROFORMA FOR REFERRING PROPOSALS FOR GRANT
OF PROJECT ALLOWANCE TO MINISTRY OF FINANCE.

1. Brief particulars of the project.
2. For Central Projects.
 - (i) Financial out-lay on the project
(Cost of machinery, if any, may be excluded)
 - (ii) Date of commencement and likely date of completion of the project.
 - (iii) The period for which project allowance should be given.
- 2.A. For State Projects/Public Sector Projects.
 - (i) Rates of Project Allowance sanctioned and conditions attached thereto.
 - (ii) The period for which the Project allowance has been sanctioned.
 - (iii) Whether Project Allowance is admissible only to the Project employees or also to non-project employees stationed/residing alongside.
- (N.º) A copy of the orders issued by the State Government/Public Sector concerning points at (i) to (iii) above may be appended.
3.
 - (i) Details of location of the project and the area it covers.
 - (ii) Whether the staff resides within the project area or elsewhere. In the latter case particulars of the place and its distance from the project area.
 - (iii) Whether the following basic amenities exist within the project area/nearby locality. If not, the nearest point from the project/residential area at which these are available inter-alia indicating approximate distance up to these points.
 - (a) Market
 - (b) Dispensary
 - (c) Post Office
 - (d) Railway Station
 - (e) Public bus facility
 - (f) School

(If possible enclose a sketch map showing the project area etc.)

- 4. (i) Particulars of the offices and their staff for whom grant of project allowance has been recommended and the annual financial effect thereof.
- 5. (ii) Whether the office and staff mentioned at Sr. No. 4(i) have been located in the project area at the specific request of Project authorities. If not, in what way is it associated with the project.

(If so, a certificate to the effect that the office(s) is/are located within the Project area may be obtained from the Project authorities and enclosed with the proposal).

(iii) Date from which the offices referred to in 4(i) were opened.

- 5. Whether any other Central Govt. offices are located in the project area. If so, names of such offices so far as are known.
- 6. Whether any of the offices mentioned at Sl. No.5 has been sanctioned Project Allowance ? If so, names of the offices may be indicated.
- 7. Will the grant of project allowance to the staff in Sr. No. 4(i) have repercussions on those referred to in Sr. No.5? Give reasons in either case.
- 8. Any other information relevant for consideration of the case.

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