

No. OR/MSC/26/75

Dated the 27th June, 1977

To

All State Govts. and Union Territories, (P.W.D.). (B&R) Secretaries

Subject : Resolution governing the Central Road Fund

I am directed to say that, as the State Govt/Local Administration may be aware, the question of continuance or otherwise of the Central Road Fund had been under the consideration of the Government of India for quite sometime past. Finally, it has been agreed to continue the Fund but the objectives of the Fund indicating the type of schemes which could be financed from the Central Road Fund Allocations Account and Central Road Fund (Ordinary) Reserve have been modified so as to give, comparatively higher emphasis to matters like research, training, investigations, studies, etc. which generally do not get adequate attention as part of the normal development schemes. The list of road/bridge works which could be financed from this source have also been somewhat modified so as to make it more specific, precise and broad-based.

2. The resolution with revised objectives and some other consequential changes was placed before the Parliament and a copy as passed by the two Houses of Parliament is enclosed. I am to request that in future while sending proposals to be financed out of the Central Road Fund, the revised objectives of the resolution may be kept in view and details of the schemes with justification given on the basis of the modified objectives.

Enclosure to letter No. OR/MSC/26/75. dt 27.6.77

ANNEXURE I

RESOLUTION GOVERNING THE CENTRAL ROAD FUND AS PASSED BY THE RAJYA SABHA ON THE 1ST APRIL 1976 AND ADOPTED BY THE LOK SABHA ON THE 18TH JUNE 1977.

"In supersession of the Resolution on Road Development adopted by the Constituent Assembly of India (Legislative) on the 19th November, 1947 and as subsequently amended by that Assembly on the 8th December, 1949 and by the Parliament of India on the 14th April, 1950, this House hereby resolves that —

1. There shall continue to be set apart an amount not less than 3.5 paise per litre out of the duty of customs and of excise levied on motor spirit and the proceeds thereof shall be applied for the purposes of road development.
2. (1) The proceeds of such an amount so set apart in any financial year, reduced by duty attributable to taxed motor spirit used in aviation during the same period, shall be credited as a block grant to a separate Road Fund to be maintained in the Public Account of India.
- (2) For the purpose of this Resolution taxed motor spirit shall mean motor spirit upon which the duty of customs or excise shall have been paid and in respect of which no rebate of such duty shall have been given.
3. (1) The Road Fund shall be allocated as follows :—
 - (a) A portion equal to twenty per cent shall be retained by the Central Government as a Central Reserve, this percentage being applicable with effect from the allocation due for the financial year 1948-49.
 - (b) Out of the remainder there shall be allocated by the Central Government a portion for expenditure in each State and Union Territory Specified in the First Schedule to the Constitution as near as may be in the ratio which the consumption of taxed motor spirit other than motor spirit used in aviation, in each area for which an allocation is to be made shall bear to the total consumption in the territory of India of taxed motor spirit, other than motor spirit used in aviation during the financial year concerned.
 - (2) The portions allocated for expenditure in the various States and Union Territories shall be retained by the Central Government until they are actually required for expenditure in the manner hereinafter specified.
- (3) If in the opinion of the Central Government the Government/Administration of any State/Union Territory has at any time :
 - (a) Failed to take such steps as the Central Government may recommend for the regulation and control of motor vehicles within the State or Union Territory or
 - (b) Delayed without reasonable cause the application of any portion of the Road Fund allocated or re-allocated, as the case may be, for expenditure within the State or Union Territory the Central Government may resume the whole or part of any sums which it may at that time held for expenditure in that State or Union Territory.
- (4) All sums resumed by the Central Government from the account of any State Government/Union Territory Administration as aforesaid shall be re-allocated between the credit accounts of State Government/Union Territory Administration and the reserve with the Central Government in the ratio of the main allocation for the financial year preceding the year in which the re-allocation is made.

Provided that the sums so calculated as the share of the State/Union Territory from whose account the resumption has been made shall be credited to the reserve with the Central Government.

- (5) Special additions to Road Fund for financing particular projects may be accepted from source other than mentioned in para 2(1) which shall be kept in a special reserve and utilised for such projects.
4. The balance to the credit of the Road Fund or of any allocation thereof shall not lapse at the end of the financial year.
 5. No expenditure shall be incurred from any portion of the Road Fund have as hereinafter provided.
 6. The Central Reserve with the Central Government shall be applied first to defraying the cost of the administering the Road Fund and thereafter the balance of Central Reserve and Central Road Fund (Allocation) shall be utilised for financing such of the schemes connected with roads as the Central Government may approve and the sums allocated for expenditure in the States/Union Territories from these sources may, subject to the previous approval of the Government of India to each proposal made, be expended upon any of the following objects, namely :—
 - (a) Road Research and Intelligence Schemes;
 - (b) Traffic Studies and Economic Surveys;
 - (c) Training arrangements for young Engineers;
 - (d) Schemes of all-India importance such as those leading to the removal of regional imbalance such as helping in the development of tribal areas, backward regions, promoting inter-State Communication facilities, helping in combating anti-social and criminal elements etc, promotion of tourism, agricultural marketing areas links etc., part contribution to programme for setting up drivers' conductor's and cleaners' road side resting places and passengers wayside facilities on State roads etc., road/bridge works required for National Projects like Atomic Power Stations, Industrial Undertakings etc., likely to be lost sight of the road authorities concerned in the midst of other activities.

Provided that the amounts in the Special Reserve shall be applied only to the purposes for which they are earmarked.

7. No expenditure shall be approved by the Government of India to be incurred from the Central Road Fund without the prior approval of the Union Minister of Shipping and Transport."