

No. NH-28030/1/87-OR

Dated the 21st October, 1988.

To

The Chief Secretaries to all State Govts. and Union Territories.

Subject: Central Road Fund.

I am directed to say that the question of augmenting the Central Road Fund had been under consideration of the Government of India for quite sometime. It has now been decided to augment the Central Road Fund by enhancing the levy from 3.5 paise per litre on petrol to 5% of basic price of petrol and also by bringing diesel within the purview of the Central Road Fund. The revised resolution governing the Central Road Fund was approved by the Parliament on 13.5.1988. A copy of the revised resolution is enclosed for information and guidance.

I am further to say that the guidelines for the sanction of estimate from Central Road Fund are under consideration of the Government of India. As soon as the guidelines are finalised and the additional amount of accruals is available the State Govt. will be informed of their share of the accruals and they will be requested to forward their proposals for financing from Central Road Fund.

Enclosure to Ministry's Circular No. NH-28030/1/87-OR Dated the 21.10.88

RESOLUTION GOVERNING THE CENTRAL ROAD FUND AS PASSED BY THE LOK SABHA/RAJYA SABHA ON THE 13TH MAY, 1988.

RESOLUTION

In supersession of the Resolution on Road Development adopted by the Parliament (Rajya Sabha on the 1st April, 1976 and Lok Sabha on the 18th June, 1977), This House hereby resolves that:

1. There shall continue to be set apart an amount not less than 5 per cent of basic price of the duty of customs and of excise levied on motor spirit and diesel and the proceeds thereof shall be applied for the purposes of development and maintenance of roads.
2. (1) The proceeds of such an amount so set apart in any financial year, reduced by duty attributable to taxed motor spirit and diesel 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 and diesel shall mean motor spirit and diesel upon which the duty of customs or excise duty has been paid and in respect of which no rebate of such duty shall have been given.
3. (1) The accruals to the Road Fund shall be allocated by the Central Government in the following manner:
 - (a) 1/2 per cent of the accruals from the Fund be utilised for defraying the cost of administering the fund.
 - (b) 35 1/2 per cent of the accruals from the Fund be utilised by the Central Govt. for development and maintenance of National Highways.
 - (c) Balance 64 per cent of the accruals from the Fund be utilised by the State/Union Territories for development and maintenance of the State Road on the basis of petrol and diesel consumption in each State/Union Territory.
- (2) The balance of accruals to the Road Fund till the date of the adoption of the revised resolution by the Parliament will be allocated by the Central Government in the manner as provided in para 3(1) above.
- (3) 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.
- (4) If in the opinion of the Central Government, the Government/Administration of any State/Union Territory has at any time:
 - (a) 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 have held for expenditure in that State or Union Territory.
- (5) All sums resumed by the Central Government from the account of any State/Union Territory Govt. as aforesaid shall be re-allocated between the credit accounts of State/Union Territory Govts. including the defaulting State in the ratio of the main allocation for the financial year preceding the year in which the re-allocation is made.
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. The Central Road Fund shall be utilised for financing such of the schemes connected with roads as the Central Govt. may approve.