

Guidance Note to States for the implementation of Fifteenth Finance Commission
(FC-XV)– Health Grants through Local Governments / Urban Components
(from FY 21-22 to FY 25-26)

Section-I: Introduction

1. The Fifteenth Finance Commission (FC-XV), constituted by the President on November 2017 was, inter-alia, mandated to recommend measures needed to augment the Consolidated Funds of the States, for the period spanning FY 2020-25. The FC-XV had submitted two reports, one for the year 2020-21 and the Final Report for the period 2021-22 to 2025-26. The Commission has recommended that health spending by States should be increased to more than 8 per cent of their budget by 2022. The Commission has also recommended that Primary healthcare expenditure should be two-thirds of the total health expenditure by 2022 and that Centrally sponsored schemes (CSS) in health should be flexible enough to allow states to adapt and innovate, with the focus shifting from inputs to outcomes.
2. The commission recommended grants for the health sector as follows: (i) grants aggregating to Rs. 70,051 Crores through local governments and (ii) sectoral grants aggregating to Rs. 31,755 Crores to States. The XV-FC had also recommended State-specific grants for health amounting to Rs. 4,800 Crore. The total grants-in-aid support to the health sector over the award period works out to be Rs. 1,06,606 Crore. On the recommendations for the sectoral grants of various ministries including of Health Ministry, the Union Government had clarified that due consideration to sectors identified by the Commission will be given while formulating and implementing existing and new Centrally Sponsored and Central Sector Schemes.
3. The Union Government on 30-01-2021 vide Explanatory Memorandum as to the Action Taken on the Recommendations made by the Fifteenth Finance Commission in its Final Report for the years 2021-22 to 2025-26 inter-alia accepted the recommendations of the FC-XV **only in respect of the Local Bodies.**
4. Accordingly, the accepted recommendation of FC-XV through *Health Grants through Local Governments* (grants of Rs 70,051 Crore for the period to 2021 – 22 to 2025-2026) to strengthen the health care system at the primary health care level are provided for the following: Urban Health and Wellness Centres (HWCs), building-less Sub Health Centres, PHCs, CHCs, Block Level Public Health Units, support for diagnostic

infrastructure for the primary healthcare activities and conversion of rural Sub Health Centres and Primary Health Centres to HWCs.

5. Rs 26,123 Crores is allocated for healthcare facilities in urban areas to be coordinated by Urban Local Bodies (ULBs).

6. This note lays out key principles regarding enabling Urban Local Bodies in the preparation of plans, resource allocations, fund transfers, provides guidance on the role and functioning of the institutional mechanisms at District, State and National Levels.

7. It also provides details on operationalizing two key components approved under the grants including unit costs, to aid the ULB in formulating their plans. They are

a. **Urban Health and Wellness Centres:** A paradigm shift in urban primary health care is envisaged, based on the learning from the management of the COVID-19 pandemic, which has affected urban areas disproportionately. As part of this shift, Universal Comprehensive Primary Health Care is planned to be provided through urban Health and Wellness Centres (urban-HWCs) and polyclinics. Such urban HWCs would enable decentralised delivery of primary health care to smaller populations, thereby increasing the reach to cover the vulnerable and marginalised. It is envisaged that the urban HWCs would create a mechanism for representatives of the Medical Administrative Staff and Resident Welfare Associations to disseminate information on public health issues at least once a month. The FC-XV proposes to provide support for setting up urban HWCs in close collaboration with urban local bodies.

b. **Support for diagnostic infrastructure to the primary healthcare facilities:** The FC-XV provides support for diagnostic infrastructure in urban PHCs under the vision of comprehensive primary health care. Diagnostic services are critical for the delivery of health services, and these grants are intended to fully equip the primary health care facilities so that they can provide some necessary diagnostic services.

8. **Flexibility for the States to re-appropriate among the components:** Para 9.65 of the XV-FC report states that “It may be noted that all the above grants will be administered by

the MoHFW. Though various components have been earmarked, we are cognizant of the fact that some inter-component adjustments within each State's overall share may be required in future years, as per the emerging ground realities. Hence, within each State's respective share, inter-component flexibility is allowed in consultation with the MoHFW”.

Section-II: Salient points to be factored-in while implementing Urban Local Body components of FC Health Grants

Health is a technical subject, and the FC-XV grant is a **tied grant**, meant to be used for only specific initiatives, which involve several elements that are largely technical in nature. The capacity of Urban Local bodies, to manage public health functions directly *including the above two components of tied grants of FC-XV – Health Grants through Local Governments*, is likely to be variable. Collaboration with the State Health Departments and close handholding of the Local Bodies, in the form of technical guidance would enable effective and efficient utilization of the FC-XV Funds. Certain other factors that will have a bearing on the implementation by the ULBs include:

- Functions such as engaging competent human resources for health, procurement of medicines, equipment, diagnostics & consumables, contracting agencies to provide diagnostic services (as in the Hub and Spokes model), etc are critical for implementation of above components. Efficient use of funds for these activities, are dependent on economies of scale, standardized processes, including quality assurance, and require complex technical expertise.
- Most of the State Health Departments have developed effective modalities for recruitment of Human Resources for Health such as Medical Officers, Nurses, Lab Technicians, Pharmacists and other para-medical staff, through mechanisms such as a State / District level agencies of government or through empanelled agencies. Under National Health Mission, States/UTs are supported to deploy such agencies. States have been undertaking these human resource recruitments through these empanelled agencies, which have established transparent and systematic procedures.
- The structure of urban local bodies differs from state to state. There are also differences between states in the powers which have been allocated to Local Bodies,

which also accounts for variations in the capacities of the ULBs in the State/District to undertake health activities including mechanisms for such procurement processes.

In light of the above, States will need to take a decision, as per the local context, for implementation of the urban components of the FC-XV Health Grants. **The ULBs at all levels** would be required to be involved fully to identify the gaps in their districts, based on the technical guidance, select locations for above mentioned components, wherever required, and undertake continuous monitoring for the effective implementation of the activities under these tied-grants. The technicalities involved in the implementation of these specific components may require the *implementation of certain elements* at the State / District level due to economies of scale and other factors explained supra. States could take a decision to undertake these at the State level, until such time, as the capacity for ULBs to handle these responsibilities independently is established, as hitherto, these ULBs have not handled these responsibilities.

Hence, it is suggested to the States that they could exercise flexibility regarding undertaking some of these activities (i.e those that are specialized in nature, and which are not feasible and economical to be executed at District /ULB level) at state level through institutions already created for this purpose like State Health Society, Medical Service Corporations, etc. The ULBs would be encouraged to establish a Procurement Cell at each District, with a nodal officer to coordinate procurement functions with the State Health Society/Medical Service Corporation, to ensure timely and efficient procurement. Such a strategy would eventually create capacities within the ULBs to handle these responsibilities independently.

Other activities under these two components may be handled and implemented by the ULBs in close coordination of the District Health Department under the overall supervision of the District Collector, who is also the chairperson of the District Health Society or the Municipal Commissioner of the Metropolitan Municipalities, as the case may be. However, this arrangement will depend on state specific delegation powers to the ULBs.

For the States which do not have typical three tier structures of Local Bodies in rural areas or in urban areas (States such as Nagaland, Mizoram, etc), guidance on this aspect will be given by DoE.

Section-III: Institutional Structures, composition and Roles

1. National Committee (NC-FC-XV)

(i) Composition: The FC-XV mandates that a committee headed by the Secretary, MoHFW comprising the Principal Secretaries of Health of all States should be set up to draw a time-line of deliverables and outcomes for each of the five years along with a definite mechanism for flow and utilization of these grants. This mechanism needs to be in place for the first instalment of funds to start flowing by July 2021. Accordingly, MoHFW had constituted the National Committee chaired by Secretary, HFW and comprising of Secretaries of MoPR, MoHUA, DoE and Principal Secretaries of Health of all the 28 States with AS&MD as Vice-Chairperson and JS Policy as convener of the Committee and shared with the States (copy attached at Annexure-I)

(ii) Roles of NC-FC-XV:

1. The NC-FC-XV would provide the policy and operational guidelines on the implementation of FC-XV - *Health Grants through Local Governments*, including unit costs, technical specifications of equipment, and other details.
2. The NC would create mechanism for capacity building of ULB representatives in collaboration with MOFHW and MoHUA for effective implementation of FC-XV grants
3. The NC-FC-XV would appraise the proposals received from the States for re-appropriation of budgets between components that exceed 20% of the allocation in each of these components and accord approval.
4. The NC-FC-XV would also provide necessary technical guidance to ensure that State Level Committees (SLCs) develop appropriate capacity building strategies for the District Level Committee (DLC) and ULBs.
5. The NC-FC-XV would conduct bi-annual progress review meetings to take stock of progress and challenges.
6. The NC would also use the monitoring mechanisms created under NHM to review progress in the states, including the Independent Monitoring mechanisms.
7. The NC will get component wise annual action plan from State Committees.

2. State Level Committee (SLC-FC-XV)

- (i) **Composition:** The FC-XV mandates that at the State level, a State Level Committee under the Chief Secretary and comprising officials of the State Departments of Health, Panchayat Raj and Urban Affairs and select representatives from all three tiers of rural and urban local bodies should be in place and this SLC should be ready with plans for implementation by July 2021. Accordingly, a communication is sent to all the States to constitute the SLC, chaired by Chief Secretary comprising officials of the State departments of Finance, Health, Panchayat Raj and Urban Affairs and select representatives from all three tiers of rural and urban local bodies, with Principal Secretary, Health of the State Government as the convener of the Committee (copy attached at Annexure-II). State is free to co-opt the experts in the field of Governance and Reforms of PRI / ULBs in the SLC. FC-XV also recommended that representatives of the ULBs and all three levels of PRIs should be involved by entrusting them, in a phased manner, with the responsibility of supervising and managing the delivery of health services. **Option is given to the States to utilize existing institutional arrangement of State Health Society (SHS) under National Health Mission (NHM) for performing the functions of SLC under 15th FC with the condition that all the mandatory required members, as mandated by 15th FC are to be added to the existing SHS.**
- (ii) **Roles of SLC – FC-XV:**
1. Major responsibility of the SLC is to decide the mode of execution of the activities under these tied-grants of the FC-XV. Depending on the local context of the States/UTs, as per the reasons explained above, **the SLC will decide on the implementation agency/agencies** of all the activities under each component to be executed either
 - a. by the concerned ULB or
 - b. by the District Health Society or
 - c. Centralized activities through existing agency / corporation and remaining activities through the concerned ULB.
 2. According to the above decision, SLC may also decide the mechanism of payment to the agencies executing the select-activities centrally. This is further explained in Section IV.

3. The State Health Department and State Municipal Administration and Urban Development (MA&UD) Department will be informed about the SLC's decisions on those activities to be executed centrally at the state level, and those that would need to be executed by ULBs.
4. The SLC would approve the District-wise distribution of funds / resources, including physical deliverables and targets - for the two components of *FC-XV – Health Grants through Local Governments in Urban Areas*.
5. The SLC will appraise and approve the **Annual** District Health Action Plan of the FC-XV grants, (DHAP-FC-XV), which would have details for each district with the physical deliverables and output-outcome indicators for the components under the FC-XV.
6. The State Level Committee would also consider any proposal from the Districts for re-appropriation among the two urban components (exceeding 10% and less than 20%) and communicate the final approved proposal. **District Health Action Plan should be received in the specific format as mentioned in the Operational Guidelines.**
7. The annual DHAP has to be submitted by February 15th of each year. The State Level Committee would approve the DHAP by March 31, so that implementation could be started from the beginning of the financial year.
8. The State Level Committee would also consider any proposal from the districts for re-appropriation between the two components (exceeding 10% and less than 20%) and communicate the final approved proposal.
9. The State Level Committee would also examine any proposal from the Districts or propose the proposal for re-appropriation among the two urban components (exceeding 20%) and recommend to NC-FC-XV for consideration.
10. The SLC would meet **quarterly** to review progress of the various districts, on the physical and financial progress, besides conducting regular meetings for consideration of the proposals received from the States.
11. The SLC would also co-opt the required resources with any other departments for the effective implementation of these components.

12. The SLC will ensure that the PFMS system is used by all the implementing agencies of the Grants or the present financial system of the executing agency is in conformity with PFMS.

(iii) Responsibilities of State Health Department – Convener of the SLC

1. State Health Department will work out the District / Municipal Corporation / ULB wise distribution of funds / resources, including physical deliverables and targets - for the two components of *FC-XV – Health Grants through Local Governments* as per the public healthcare facilities available in the ULBs, based on the technical guidance provided by the National Committee and submit to SLC.
2. After approval by SLC, the SHD would communicate the resource allocation, physical deliverables and targets on a year wise basis, to all the districts and ULBs – district wise and ULB wise, seeking their proposals in the form of District Health Action Plan (DHAP-FC-XV). For this exercise, it will work in close coordination with the State MA&UD Department to arrive at the district wise, ULB wise financial allocation.
3. State Health Department will prepare the State Specific guidelines, supplementing the National Guidelines on the implementation of *FC-XV – Health Grants through Local Governments*, especially to clarify processes related to procurement, infrastructure and engagement of HR and with the approval of SLC, will communicate the same to the Districts and ULBs.
4. State Health Department will issue necessary instructions to the District Health Department to provide necessary support to the Urban Local Bodies to do the gap analysis and provide the required data so as to prepare the District Health Action Plan effectively.
5. SHD will compile the Annual DHAP-FC-XV received from the District Level Committee (DLC) in accordance with the guidelines, unit costs, and the resource allocation communicated to the districts and will place before SLC for consideration. It is the responsibility of SHD to ensure, before forwarding the FC-XV proposals to SLC that there is **no duplication between the proposals** submitted to the SLC under FC-XV and proposals proposed for funding under NHM or any other schemes of the GoI/State Government.
6. After approval, the SHD would communicate the approved DHAPs-FC-XV in the form of Record of Proceedings (RoPs) for further implementation as per the

guidelines. Depending the decision of the State Level Committee at Section III (ii) (1) above, the RoPs will mention the activities decided to be executed by ULBs and other activities to be executed by other identified agencies, as explained above.

7. The SHD would also compile and forward the approved DHAP-FC-XV from all districts to the National Committee for information, duly hosting the same in the public domain within 2 weeks of approval by SLC.
8. The SHD will get monthly progress (physical and financial) from all DLCs-FC-XV and submit the progress bi-annually / quarterly to the SLC for review and directions.
9. The State Health Department will ensure that there is no duplication between the activities proposed under FC-XV and those of NHM and other centrally/state funded activities.
10. State Health Department in close coordination with State Municipal Administration Department will collect the UCs of the instalments of FC-XV from all the executing agencies and local bodies and submit a single UC Statement for the State **with their joint signatures** through the State Finance Department to the DoE, Ministry of Finance and DoHFW. Based on the recommendations of MoHFW only, the second and subsequent instalments of FC-XV will be released to the States

(iv) Responsibilities of State Municipal Administration and Urban Development Department

1. State MA&UD Department will work in close coordination with SHD and provide all the assistance for implementation of FC-XV – Health Grants through Local Governments ear-marked for ULBs.
2. State MA&UD Department will pursue with all the ULBs for the proper implementation of the approved DHAPs.
3. State MA&UD department, in active collaboration with the SHD, will take actions for capacity building of the ULBs (officials and elected members) for effective implementation and will utilize all their available resources and institutions.
4. For capacity building of officials, funds allocated by MA&UD would be utilized.

5. State MA&UD department would converge their ongoing interventions from existing CSS schemes for capacity building of the officials of the district and Urban Local Bodies.
6. Further, the State MA&UD department would also converge existing management support mechanisms to ensure harmonization with existing instruments duly confirming to PFMS system.
7. State MA&UD Department will collect the UCs of the amount released to ULBs. It has the responsibility to submit the UCs of FC-XV-Health Grants, with the joint signature of the State Health Department to the State Finance Department, which will be subsequently submitted to the DoE, Ministry of Finance and DoHFW. Based on the recommendations of MoHFW only, the second and subsequent instalments of FC-XV will be released to the States.

3. District Level Committee (DLC-FC-XV)

- (v) **Composition:** The FC-XV mandates that a district level committee needs to be constituted in the district level under the District Collector / Deputy Commissioner comprising officials of Health, Panchayat Raj and Urban Affairs and select representatives from all three tiers of rural and urban local bodies in the District. Accordingly, a communication is sent to all the States to constitute the District Level Committee (DLC), chaired by chaired by the District Collector/Deputy Commissioner comprising officials of the District Health, Panchayat Raj and Urban Affairs and select representatives from all three tiers of rural and urban local bodies in the District with Chief Medical Officer of the District as the convener of the Committee (copy attached at Annexure-II). District is free to co-opt the experts in the field of Governance and Reforms of PRIs / ULBs in the DLC. **Option is given to the States to utilize existing institutional arrangement of District Health Society (SHS) under National Health Mission (NHM) for performing the functions of DLC under 15th FC with the condition that all the mandatory required members, as mandated by 15th FC are to be added to the existing DHS.**

(i) **Roles of DLC-FC-XV:**

1. District Level Committee (DLC) is responsible for providing overall guidance to

the ULBs on the implementation of the FC-XV – *Health Grants through Local Governments*, including preparation of the proposals, component wise as per the Guidelines

2. The DLC would appraise the proposals received from the ULBs, as per the technical guidance and recommend to the SLC for consideration.
3. The DLC is also empowered to re-appropriate the budget between line item components upto 10%. Proposals from the ULBs for re-appropriation between the line item components exceeding 10% would be submitted to SLC for consideration.
4. After receipt of approval of final approved DHAP-FC-XV from SLC through State Health Department, the District Level Committee will guide the concerned ULBs, in close coordination with the Health Department and monitor the implementation of the of the approved activity of various components of DHAP-FC-XV.
5. Necessary activities to guide and handhold the ULBs including capacity building of ULBs of various sizes in the district would be undertaken by the DLC so as to ensure smooth and effective implementation of the FC urban components.
6. The DLC would mobilize the district health team, (and the state health department if required) to support ULBs for planning, support, implementation and monitoring.
7. The DLC would leverage existing programmes and funds to ensure convergence with these activities for optimal utilization of funds.
8. The DLC would meet on a monthly basis to review progress and identify barriers to implementation and take appropriate action.
9. The DLC would collect the utilization Certificates from ULBs for the amount released to them and forward the UCs to the SLC.

4. Urban Local Body (Municipal Corporations /Municipalities)

(i) Roles and Responsibilities:

1. Urban Local Body (Municipal Corporations, Municipalities, NACs and Town Panchayats), depending on the physical targets and financial budget indicated by the State Health Department as explained at para II (2) (iii) (1), supported by the District Health Department, will undertake a gap analysis of the public health

facilities in order to prepare action plan **for the five years** for the components under the FC-XV. There are only two components viz, Urban health and wellness centres (HWCs) and Support for diagnostic infrastructure to the primary healthcare facilities – Urban PHCs

2. ULB will prepare the proposal in the format of **Annual District Health Action Plan (DHAP)- FC-XV**, given by the State Health Department in respect of the two components specified above. This would be based on:
 - a. the resource allocation communicated by the state,
 - b. gap identification exercise,
 - c. the unit costs for each activity (as per the technical guidelines).

The proposal would also project an annual requirement and phase the activities over the five-year period.

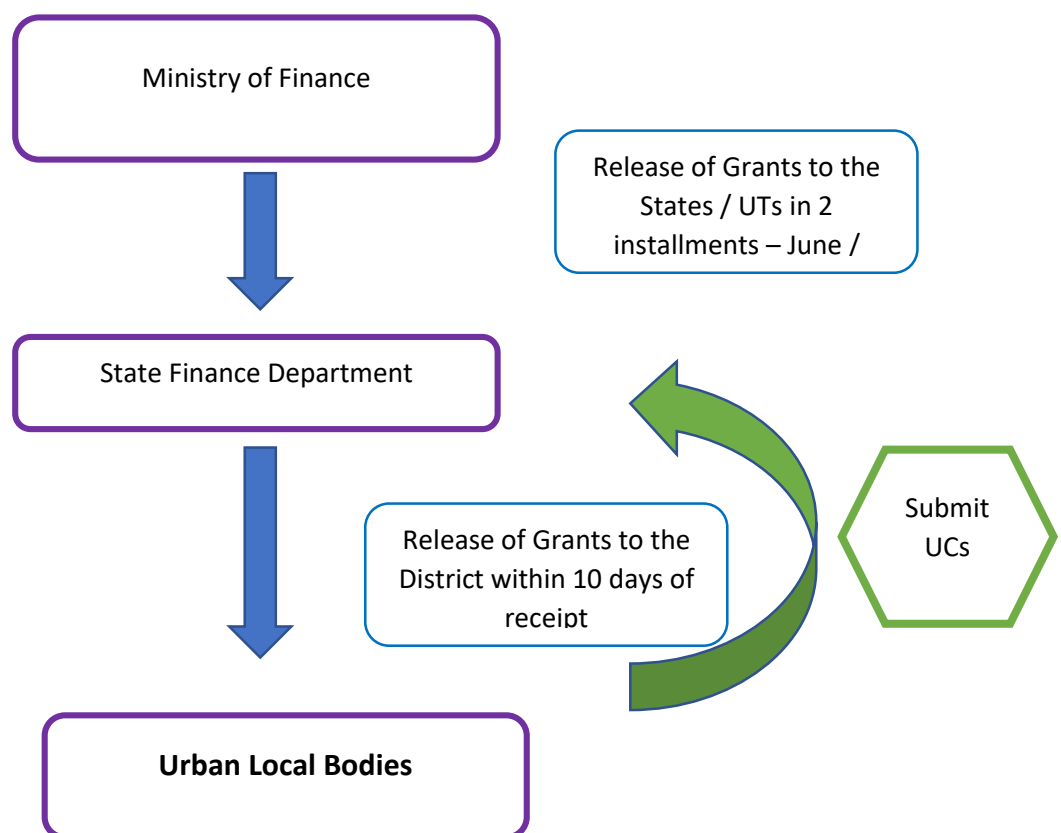
3. While preparing the action plan for the above components, all the concerned stakeholders will be involved by the ULB and District Health Department, in the planning process (as per the technical guidelines) and arrival at the requirements. The urban local bodies of various nature such as Notified Area Committee (NACs) and Town Panchayats, etc. would also be involved in gap analysis and proposal preparation of their jurisdiction. Existing Committees such as MAS, RKS / JAS of Urban PHCs, etc. which include representation from the elected representatives, and are actively involved in health prevention and promotion would also be involved as appropriate.
4. In case, if re-appropriation from one component to other component is required, the same will be included in the proposal and same will be submitted to the DLC. ULBs should keep in mind that proposal of more than 20% re-appropriation requires approval from National Committee with the recommendation of SLC.
5. Once approval is received, depending the decision of the State Level Committee at Para III (ii) (1) above, the ULBs will implement the activities ear-marked for ULBs and pursue with the selected agency for the other activities of the components under the supervision of the DLC.
6. ULBs would regularly monitor, in close coordination with the District Health Department, the progress of work, the achievement of physical deliverables and programmatic outcomes. The checklists and templates for this will be communicated by the SLC.

7. ULBs will bring the issues requiring resolution at the State level, to the State Health Department / MA&UD department through DLC and share with the DLC on a quarterly basis.
8. ULBs can supplement the resources available with them, for better and effective implementation of the tied-grants of the FC-XV Health Grants of urban nature.
9. **Option is given to the States to utilize existing institutional arrangement of City Health Society under National Urban Health Mission (NUHM) for performing the functions under 15th FC with the condition that necessary compliance as mandated by 15th FC is to be adhered.**

Section-IV: Proposed Fund Release mechanism including submitting UCs

1. Funds, as per the guidelines of DoE of the Ministry of Finance, funds will be released to the concerned State Treasury, based on the distribution of the urban components arrived ULB-wise by the SLC as explained supra.
2. State Finance Department will release funds to the concerned ULBs based on approved proposals of the SLC as per the distribution of funds between various districts.
3. Depending upon the decision of the State Level Committee at Section III (ii) (1) & (2) above, the States may decide modality for the payment of specific state/district level executed activities such as HR engagement, Procurement of medicines, equipment, diagnostics & consumables, contracting agencies to provide diagnostic services (as in the Hub and Spokes model), etc. as per local context. This could be done by pooling the corresponding budgets from the ULBs and transferring them to the District Health Society/State level agencies identified for implementation of selected components.
4. Separate guidelines will be issued by DoE on settling the UCs. In general, UCs have to be settled by the ULBs and based on the UCs received, a joint statement of UCs will be submitted by the State Health Department and State Municipal Administration and Urban Department Department, to the State Finance Department, which will be subsequently submitted to the DoE, Ministry of Finance and DoHFW. Based on the recommendations of MoHFW only, the second and subsequent instalments of FC-XV will be released to the States.

5. The Single Nodal Account (SNA) mode of fund release and payments may be followed for these health grants as is being done for the Centrally Sponsored Schemes (CSSs) under the new mechanism. This will also enable in simplification of the processes and ensure no duplication happens with NHM or PMASBY. This single nodal account mechanism will also simplify the collection of the UCs and fund flow mechanism will be streamlined.



Section-V: Main Factors to be considered for the two ULB Components of FC-XV Health Grants

1. Below Table contains year wise break up for the two components.

(Rs In Crore)

Sr. No	Total Health Grants	2021-22	2022-23	2023-24	2024-25	2025-26	Total
1	Support for diagnostic infrastructure to the primary healthcare facilities – Urban PHCs	394	394	415	435	457	2095
2	Urban health and wellness centres (HWCs)	4525	4525	4751	4989	5238	24028
	Total Grants for primary health sector in urban areas	4919	4919	5166	5424	5695	26,123

The details of the components are

2. Support for diagnostic infrastructure to the primary healthcare facilities - UPHCs:

- To support diagnostic infrastructure at UPHCs in urban areas, a health grant of Rs 2,095 Cr has been provided by the XV-FC and will enable strengthening diagnostic services in the Urban PHCs.
- The range of diagnostic tests at the Urban PHCs has been expanded in alignment with the guidelines of comprehensive primary healthcare services under Ayushman Bharat¹ and **also to cover the tests required to provide Polyclinic services through the select or all Urban PHCs and the also the required tests at the Urban HWCs**, besides fully covering the requirement of tests at all functional Urban PHCs.
- The guidelines have to be followed by the states for utilizing the FC-XV grant.

¹ vide GOI letter, D.O. No. Z-1595/7/2018-NHM-I dated 1st July 2019

- Under FC-XV Health Grants, as the diagnostic infrastructure is being supported at Urban PHCs through this component and urban CHCs through NHM support, the states should plan comprehensively to ensure that all the required clinical and public health diagnostic services are provided to the urban community through urban PHCs and urban CHCs either by strengthening in-house facilities or through Hub and Spoke model (better to have a fully equipped Hub), duly pooling the resources. Some of the high-end tests may be done at the Hub and Spoke model. Outsourcing model for diagnostic services can also be considered by the states
- Further, it is observed that the budget indicated for this activity is sufficient, States may utilize the resources for developing an IT system (App / Portal based for each facility providing the services) to monitor the diagnostic services provided to the people effectively.
- **Unit Cost :** Ideally for equipping a new / greenfield Urban PHC with the required diagnostic infrastructure, a maximum of Rs 25.86 lakhs for each urban PHC may be required. Grants under this component of FC-XV would be utilized for the existing / brownfield urban PHCs in urban areas depending on the gap analysis and comprehensive diagnostic plan of the district. Accordingly, the unit rate will be varying as per the identified gaps in the facility.
- It is recommended that States may plan for improving diagnostic infrastructure in all the urban PHCs in the State/District in the next five years period and may utilize the FC-XV grants effectively. In the process, Priority is to be given to urban in slums and vulnerable urban areas, to ensure time to care approach and reduce geographic barriers. Details about the diagnostic services to be made available at the urban PHCs will be provided in the *Operational Guidelines for implementation of FC-XV Health Grants through Local Governments (FY 21-22 to 25-26)*

3. **Urban Health and Wellness Centres (HWCs):**

- State Health Department will need to arrive at the average population to be covered under each Urban HWC, as the objective is to ensure decentralized delivery of primary health care to smaller populations, thereby increasing geographic reach to provide coverage to the vulnerable and marginalized.

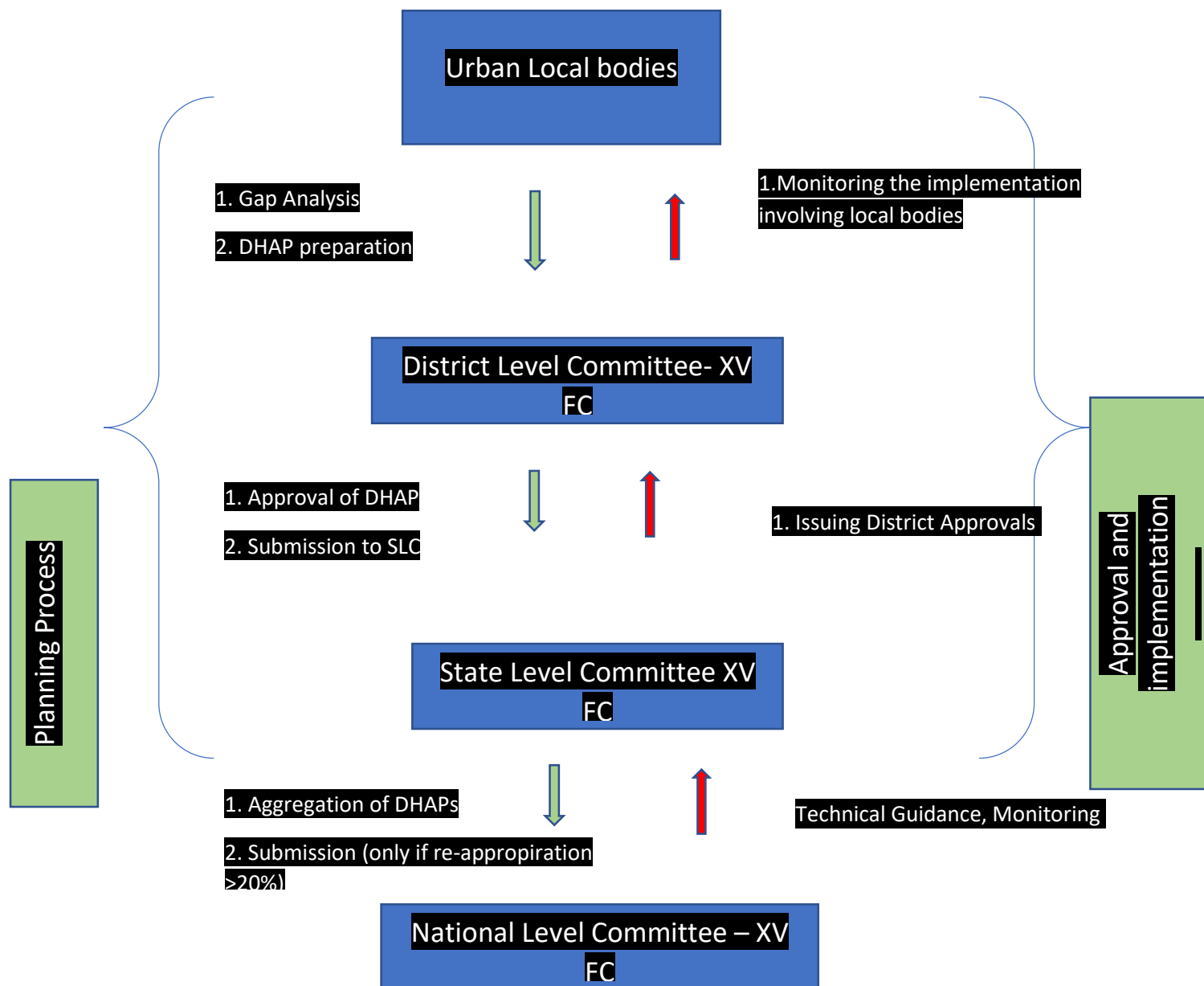
- State would also need to decide the model of provision of Polyclinics services – either at all Urban PHCs or through select UPHCs based upon the need and context.
- State should not plan to set up an Urban HWC within 3-5 km radius of existing CHC or SDH or DH.
- States should prioritize the provision of services through these Urban HWCs in peri-urban areas and slums and similar habitations.
- If the area requiring such services are rural in nature but adjoin the urban areas and yet to be notified as part of any ULB, then the State may establish the urban HWCs in these areas as well.
- If there are any ULBs that are not allocated Urban HWCs, a strong rationale for such exclusion is to be given by State Health Department and State MA&UD Department. and has to be brought to the notice of the SLC, and thereafter to the National Committee for information. This is to ensure that no eligible ULB is denied the provision of Urban HWCs
- Representatives of the Resident Welfare Associations, urban SHGs and other community structures such as MAS, JAS of urban PHCs are to be actively involved in the management of these urban HWCs by creating appropriate institutional mechanisms as detailed in the Operational Guidelines
- State should instruct Medical Colleges in the urban areas to provide the support of handholding, guidance and mentoring, for these urban HWCs, for effective running of the urban HWCs and polyclinics.
- Unit cost per urban HWC
 - Capital Cost: No capital cost except support to refurbish existing spaces of ULBs or rented buildings for provision of services
 - Recurring Cost: Including above refurbishing cost and other components such as HR, Consumables, etc @ Rs. 70 lakhs per annum
 - Recurring cost per polyclinic: 5 lakhs per urban HWC per annum
 - Further details about urban HWCs will be provided in the *Operational Guidelines for implementation of FC-XV Health Grants through Local Governments (FY 21-22 to 25-26)*

Section-VI: Miscellaneous Points

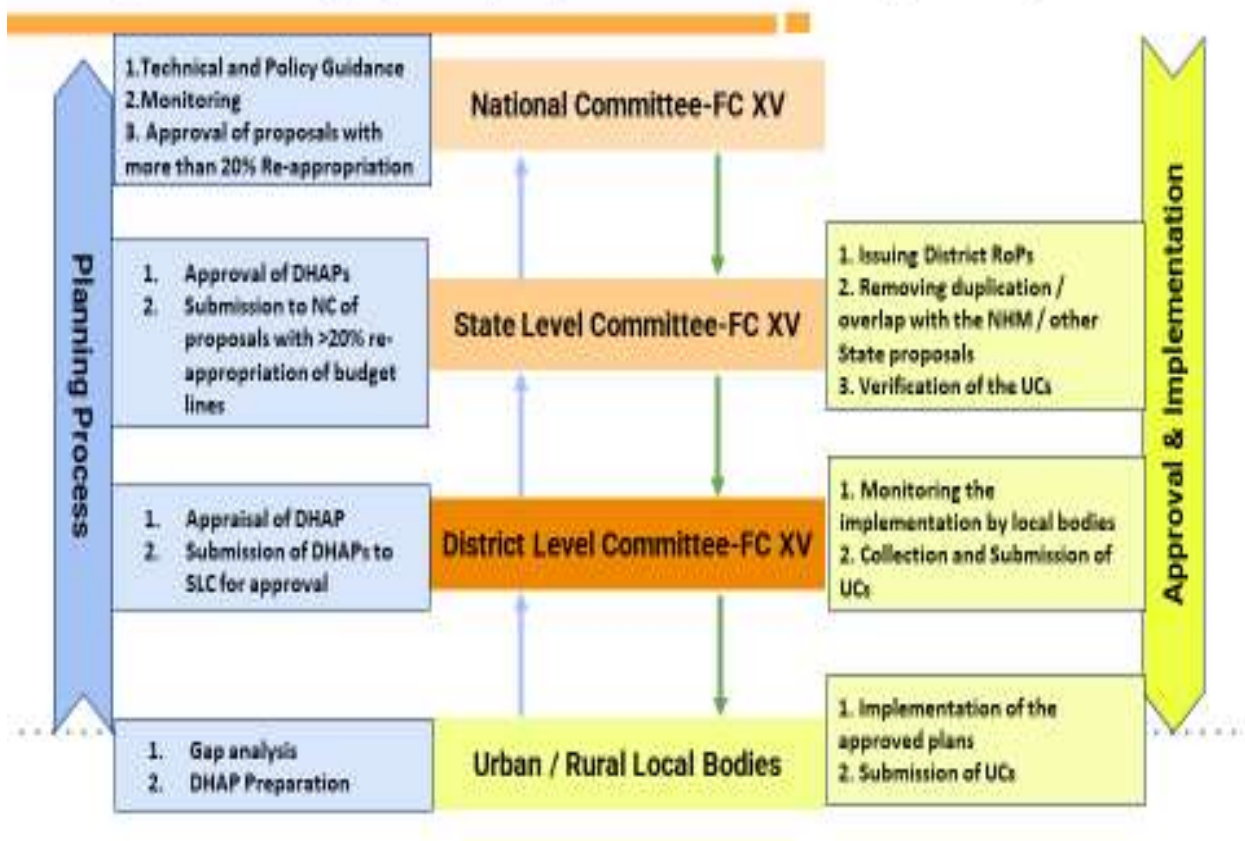
1. The ***Operational Guidelines for implementation of FC-XV Health Grants through Local Governments (FY 21-22 to 25-26)*** of Ministry of Health and Family Welfare are to be followed **for the two urban components. For the component of Urban-HWCs, the funds should not be utilized for the negative list of activities mentioned in the GLs.**
2. The existing Monitoring Framework of NHM will be upgraded to include the monitoring of these components of FC-XV, time bound deliverables and outcomes for all the two components for each of the five years.
3. The Assets created out of XV FC Grants are mandatorily to be geo-photo tagged and uploaded in the IT portal and app developed and the MIS developed by the MoHFW.
4. The Grants will be released by the Department of Expenditure (Finance Commission Division) of Ministry of Finance as per the rule provision in this regard subject to fulfilment of all stipulated guidelines / conditions and the State Government should transfer each installment of the LBs grants received to the ULBs without any deduction, within ten working days of receipt from the Union Government.
5. The unit rate indicated in the *Operational Guidelines for implementation of FC-XV Health Grants through Local Governments (FY 21-22 to 25-26)* of Ministry of Health and Family Welfare are to be followed, while making district wise allocation. These allocations need to be made keeping in view the urban population of the district and preferential allocation is to be made to aspirational districts including tribal, hilly, hard to reach, insurgency affected areas. The aim should be to ensure availability of health facilities as per the stipulated population norms.
6. The areas overlapping with the peri-urban / urban areas should be re-allocated to the urban areas, if all criteria are met and considered for fund allocation under the urban components of the XV-FC.

Annexure-

Flow diagram of Planning, Preparation, implementation and monitoring of the Proposals under FC-XV Health Grants through urban Local Governments



Flow diagram of Planning, Preparation, implementation and monitoring of the Proposals



Roles and Responsibilities of various committees of FC-XV.

- Guidance to States for flow and utilization of grants, with a timeline of deliverables and outcomes
- Monitoring and Evaluation
- Approval of State proposals of more than 20% of re-appropriation of budget lines among the components.

- Approval of the District Level Plans as per fund allocation, including approval of re-appropriation proposals of < 20% and > 10% of budget lines among the components
- Issuing of District RoPs,
- Validation of UCs submitted by District Level Committee and submission of Joint UC to MoHFW
- Submission of re-appropriation proposals to the NLC (>20% of budget lines) among the components.

- Finalization of the District Level Plans including re-appropriation proposals of <10% of budget lines among the components, as per the fund allocation
- Submission of the District Plan to the State Level Committee, including re-appropriation proposals of <10% of budget lines among the components
- Cross-verification of the UCs

- Gap Analysis
- Preparation of the DHAP
- Reporting of the work completion / activities approved
- Obtaining and submitting the UCs to the DLCs

