



PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Delegation of Powers to Special Purpose Vehicles (SPVs) established under Smart Cities Mission

- Read :**
1. Smart Cities Mission Statement and Guidelines issued by Ministry of Urban Development, Government of India.
 2. Government OrderNo:UDD 130 CSS 2015, Dated:23-11-2015,Bangalore.
 3. Government Order No:UDD 56 CSS 2016, Dated:30.04.2016 Bangalore for establishment of SPVs in Smart Cities and corrigendumNo.UDD 257 CSS 2016, dated 20.12.2016.

PREAMBLE:-

The Smart Cities Mission (SCM) was launched by Government of India on 25th June 2015, with an ambition to build 100+ Smart cities. The objective of the Smart Cities Mission is to improve quality of life of its citizens by providing core infrastructure, a clean and sustainable environment and application of 'Smart' Solutions.

SCM will be implemented as a Centrally Sponsored Scheme (CSS) spread over 5 years with an annual allocation of Rs 100 Crore each from GoI and GoK for each city and thus each city will get Rs. 1000 Crore at the end of the 5 years period.

The Government of Karnataka (GoK) has constituted a High Power Steering Committee (HPSC) for Smart Cities vide ref (2) under the Chairmanship of Chief Secretary with the representatives of various State Government Departments as members to guide the mission in the State. Karnataka Urban Infrastructure Development & Finance Corporation (KUIDFC) is nominated as the State Level Nodal Agency (SLNA) and the Mission Managing Director, KUIDFC as Mission Director vide Government order UDD 130 CSS 2015 dated 23.11.2015.

Seven cities from the State viz., Bengaluru, Belagavi, Davanagere, Hubballi Dharwad, Shivamogga, Mangaluru and Tumakuru are selected for development under SCM. Cities are selected based on their 'Smart City Proposal' (SCP). The SCP outlines consultations held with the residents and other stakeholders, how the aspirations are matched with the vision contained in the SCP and importantly, the proposal for financing of the smart city development plan including the revenue model to attract private participation.

The guideline of SCM envisages implementation of the projects at the City level by a Special Purpose Vehicle (SPV). The SPV will plan, appraise, approve, release funds, implement, manage, operate monitor and evaluate the smart city development projects. One of the primary reasons for the creation of SPV for the Smart City Mission is to ensure operational independence and autonomy in decision making and mission implementation.

GoK vide ref (3) has approved the Articles of Association (AoA) and Memorandum of Association (MoA) for incorporating SPVs in the selected cities. Based on the GO, SPVs have been incorporated in the 6 cities selected in first & second round of competition, namely Belagavi, Davanagere, Hubballi Dharwad, Shivamogga, Mangaluru and Tumakuru. For Bengaluru, selected in third round of competition, establishment of SPV is in progress.

One of the primary reasons for the creation of SPV for the Smart City is to ensure operational independence and autonomy in decision making for mission implementation.

The Smart City Mission encourages the State Government and the ULB to adopt the following best practices to create empowered SPVs to the extent and as provided under the Municipal Act:

- Delegating the rights and obligations of the municipal council with respect to the Smart City project to the SPV.
- Delegating the decision making powers available to the ULB under the municipal act/ Government rules to the Chief Executive Officer of the SPV.
- Delegating the approval or decision making powers available to the Urban Development Department / Local Self Government department / Municipal Administration department to the Board of Directors of the SPV in which the State and ULB are represented.
- Delegating the matters that require the approval of the State Government to the State Level High Powered Steering Committee (HPSC) for Smart Cities.

However, the AoA of the GO vide ref (3), *Clause 4-Key functions & responsibilities of the company*, mandates SPV to get approval from the Government for implementation of each sub project.

As per the *Clause 5* of AoA of the GO vide ref (3), Government has to delegate powers to the SPV.



In order to enable the cities to start the implementation of the sub projects under SCM, administrative approval of the Government is essential.

Further, concerns are raised by the elected representatives about their role in SCM planning & implementation, which needs to be addressed.

Based on the above, KUIDFC has submitted the proposal on delegation of powers to SPVs to ensure fast track implementation of the projects.

The proposal has been examined and hence this order:

Government Order No: UDD 56 CSS 2016 (Part-5),
Bengaluru, Dated:15.09.2017

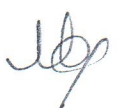
Under the circumstances explained in the preamble, Government is pleased to accord its approval for the following to speed-up the decision making process by the Special Purpose Vehicles (SPVs)s and to execute the smart city projects expeditiously.

1. Along with the existing key functions and responsibilities of the SPVs as in the AoA approved vide GO No UDD 56 CSS 2016, dated 30-04-2016 the following shall be included;

- To prioritise the sub- projects, approve the concept plan and the implementation plan for the sub projects.
- Tender notification and approval, negotiation and acceptance, relating to works/goods/PPP/ICT/consultancy services, with due adherence to the delegation of powers.
- To approve all day-to-day A & OE as below;
 - Managing Director of the SPV shall have full power on revenue expenditure# and upto Rs.50 lakh per annum on capital expenditure#.
 - Board of the SPV shall have full powers on capital expenditure, within the allocated A&OE funds.

Revenue Expenditure means routine expenditure that is incurred in the day to day functioning of the SPV. Capital expenditure means the expenditure incurred to acquire an asset or improve the capacity of the asset.

- Execute the Smart City Proposals with complete operational freedom.



2. The delegation of powers shall as detailed below:

2.1. Financial and other powers:

#	Particulars	MD, SPV	Board of SPV	HPSC
1	Administrative Approval for procurement of works, goods & PPP.	Up to Rs. 10 Cr	More than Rs. 10 Cr and Up to Rs. 50 Cr	More than Rs. 50 Cr and Up to Rs. 200 Cr. Government shall approve projects above Rs. 200 Cr.
2	Approval of new projects, within SCP outlay	--	Up to Rs. 20 Cr	More than Rs. 20 Cr, Full powers
3	Tender Approval Powers.	Up to 5% TP	More than 5%TP and Up to 15% TP.	Full powers
4	Variations (with prior approval of Technical Committee)	Up to 5% of DPR Cost	More than 5% and Up to 10% of DPR Cost	Full powers
5	Procurement of Consultancy Services (per consultancy)	<ul style="list-style-type: none">• Direct entrustment* – Rs. 5 lakh• Through bidding - Rs.10 lakh	<ul style="list-style-type: none">• Through bidding - More than Rs. 10 lakh and upto Rs.2 Crore	Full powers

* Direct entrustment shall be with proper justification as provided in KTPP Clause 28 E.

2.2. Technical Sanction of works, services, goods & PPP and approval to Draft Tender Schedule.

- a. Upto Rs.5 Crore : Superintending Engineer of SPV/ the Superintending Engineer as detailed in Government Order No UDD 184 MNE (P1) 2015 dated 30/11/2016;
- b. Above Rs.5 Crore : Chief Engineer of the SPV/Chief Engineer of Public Works, Port and Inland water ways Department, Communication and Buildings, as detailed in the Government Order No UDD 184 MNE (P1) 2015 dated 30/11/2016 and Technical Committee, Chaired by General Manager (Tech.), KUIDFC as per GO No.UDD 53 CSS 2017 dated 20/03/2017.
- c. CEs may also exercise the power delegated to SEs, if necessary.

2.3. Board of the SPV shall have full power for appointment of human resources.

2.4. Board of SPV shall take prior approval of HPSC before dropping any sub projects, which are technically or financially not feasible.

2.5. The Board of the SPV shall approve additional allocation of funds / change in scope of the approved sub projects upto 25% of the said sub project cost mentioned in SCP and above 25%, with the approval of HPSC.

- 2.6. Approval from Government is mandatory for any borrowings by the SPV.
- 2.7. The Board of SPV shall approve new sub projects which will not have any financial implication on the State Exchequer; for sub projects upto Rs.100 Cr, HPSC above Rs. 100 Cr & upto Rs. 300 Cr and Government above Rs. 300 Cr.
3. Subject to the power delegated as above, High Powered Steering Committee (HPSC) for Smart cities Mission shall be the Empowered Committee for the Smart Cities Mission.
4. **Modification to the Structure of Board of Directors:-** Deputy Commissioner of the concerned district shall be one of the Director in the Board of Directors of the SPV, in the place of Managing Director, local electricity supply company.
5. To guide and monitor the functions of SPV in each Smart City, a district level **“Smart City Implementation & Review Committee”** shall be formed under the Chairmanship of Minister for Urban Development, GoK.

The structure of the Smart City Committee is as below;-

Minister for Urban Development	Chairman
District-in-Charge Minister of the respective district	Co-Chairman
Member of Parliament (Constituency of the City where area based projects are implemented)	Member
Members of Legislative Assembly (Constituency of the City where area based projects are implemented)	Member
The Deputy Commissioner of the District	Member
Mayor of the City Corporation	Member
Leader of the opposition party of the City Corporation	Member (Optional)
The Chairman, Urban Development Authority of respective city.	Member
The Commissioner of the respective City Corporation	Member
The Commissioner, Urban Development Authority of respective city.	Member
The Managing Director, SPV	Member Convenor

The Committee may opt any subject experts/technocrats/eminant citizen of the city as either a member or a special invitee, which shall not exceed 3.

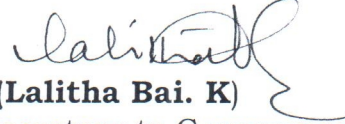
Functions of the Committee:

- To guide/advise SPV Board in implementation of SCM projects.
- Regular review of SPV decisions / work progress to ensure time-bound implementation of the projects.
- Facilitate coordination with projects implemented by other departments.
- Facilitate convergence of projects for comprehensive development.
- Ensure public participation in SCM planning & implementation.
- Resolve problems encountered during implementation & address public grievance/concerns.
- To take measures to portray the city as favourable investment destination.
- To suggest measures for the smooth implementation of the project, if any.

The Committee shall meet at least once in 3 months/ on need-basis.

This order is issued with the concurrence of Law Department vide Note No Law/431/OPN/2017 dated:04-09-2017 and Finance Department vide Note No:FD212 EXP-9/2017 dated:14-06-2017, Note No:FD 479 EXP-9/2017 dated:21-08-2017 and approval of the Cabinet vide Subject No:C:626/2017, dated:13-09-2017.

By order and in the name of the
Governor of Karnataka



(Lalitha Bai. K)

Under Secretary to Government,
Urban Development Department.

To:

1. The Accountant General, Karnataka, Bengaluru.
2. Chief Secretary, Government of Karnataka, VidhanaSoudha, Bengaluru.
3. The Additional Chief Secretary to Government, Urban Development Department, VikasaSoudha, Bengaluru.
4. Secretary, Ministry of Urban Development, Nirman Bhawan, New Delhi.
5. Principal Secretary, Finance Department, Bengaluru.
6. Principal Secretary, Planning Department, Bengaluru.
7. Principal Secretary, Energy Department, Bengaluru.
8. Principal Secretary, Health & Family welfare Department, Bengaluru.
9. Principal Secretary, Infrastructure Development Department, Bengaluru.
10. Commissioner, DULT, Bengaluru.

11. Secretary, M&UDA, Urban Development Department, Bengaluru.
12. Secretary, Transport Department, Bengaluru.
13. Secretary, Public Works Department, Bengaluru.
14. Commissioner, BBMP, Bengaluru.
15. Managing Director, KUWS&DB, Bengaluru.
16. Chairman, BWSSB, Bengaluru.
17. Commissioner, BDA, Bengaluru.
18. Commissioner, BMRDA, Bengaluru.
19. Managing Director, BMRCL, Bengaluru.
20. Director, DMA, Bengaluru.
21. Representative from Ministry of Urban Development, Bengaluru.
22. Managing Director, KUIDFC-SLNA SCM, Bengaluru.
23. Deputy Secretary, Cabinet, VidhanaSoudha, Bengaluru.
24. P.S to Hon'ble Chief Minister Government of Karnataka, VidhanaSoudha, Bengaluru.
25. All Advisors of Smart City Advisory forum through KUIDFC.
26. All Deputy Commissioners of concerned districts through KUIDFC.
27. All Managing Directors of concerned Smart Cities through KUIDFC.
28. P.S to Chief Secretary to Government.(Cabinet), (Case. No C-626/2017, Dated:13-09-2017), VidhanaSoudha, Bengaluru
29. P.S to Hon'ble Minister for Urban Development and Haj, VikasaSoudha, Bengaluru.
30. P.S to Hon'ble Minister for Municipal Administration, Local bodies, Public Enterprises, Minorities Welfare & Waqf, VikasaSoudha, Bengaluru.
31. P.A to Joint Director (Planning), Urban Development Department, VikasaSoudha, Bengaluru.
32. SGF / Spare Copies