

K-14012/101(02)/2016-SCIII-A
Ministry of Urban Development
Government of India
(Smart City –III Division)

Nirman Bhawan, New Delhi
Date: 9th August, 2016

OFFICE MEMORANDUM

Sub: Creation of authorised bank account in scheduled bank and transfer of funds to SPV as per the Mission guidelines

It has been observed that the funds released by this Ministry under Smart City Mission have not been fully transferred to the SPVs by the State Governments along with their share of Grants. It has also been observed that in some cities funds are available with SPV but kept in TDR or transferred to other bank accounts which are not registered with the PFMS.

In this regard it is reiterated that SPV has been established as a Company under Companies Act, 2013 and will function under the provisions of that Act. Further under various sections of the Companies Act, 2013 all financial transactions of the Company need to be operated through a Scheduled Bank as defined under clause- e of sub section 2 of RBI Act, 1934.

Following instructions are hereby issued to be followed by all the State Governments and SPVs:

- i) SPVs shall open their bank account in any scheduled bank as defined under RBI Act, 1934 and the same shall be registered with PFMS.
- ii) All funds released by this Ministry shall be immediately transferred to the SPVs authorised bank account by the State Governments along with their share of Grants as per Smart City Mission guidelines.
- iii) No funds shall be transferred out of the authorised bank account of the SPV and funds already diverted shall be immediately transferred back to the authorised bank account of the SPV.

All State Governments and SPVs shall ensure compliance of the above instructions and an action taken report shall be submitted to the Ministry within 7 days of the issue of this OM.


(SAJEESH KUMAR N.)
DIRECTOR (SC-III)

To:
All Principal Secretaries (UD)

Copy for information to:
Commissioners / CEOs of Smart Cities