

MINISTRY OF URBAN DEVELOPMENT

LOK SABHA

UNSTARRED QUESTION NO. 5190  
TO BE ANSWERED ON APRIL 05, 2017

MOUs FOR SMART CITIES

No. 5190 SHRI J.J.T. NATTERJEE:  
SHRI PRABHAKAR REDDY KOTHA:

Will the Minister of URBAN DEVELOPMENT be pleased to state:

- (a) whether the Government has entered/ signed Memorandum of Understanding (MoU) with the State Governments under Smart City Mission and if so, the details thereof;
- (b) whether all the shortlisted cities/States have signed the MoU and if so, the details thereof;
- (c) whether there is no clear cut mechanism or regular resource transfers to urban centres in the country and if so, the details thereof;
- (d) the manner in which the Government proposes to implement Smart City Mission in the absence of clear-cut mechanism; and
- (e) the details of the steps being taken by the Government in this regard?

ANSWER

THE MINISTER OF STATE  
IN THE MINISTRY OF URBAN DEVELOPMENT  
(RAO INDERJIT SINGH)

(a) No, Madam.

(b) Does not arise.

(c) There are mechanisms for regular resources transfer to various Urban Local Bodies in the country from central as well as State funds. This is mainly in the form of (i) Grants-in-aid from State/Central Governments through various programmes / schemes, (ii) devolution from respective State Government as well as from Government of India as per recommendations of respective State Finance Commission or Central Finance Commission.

The resources tied up with various programmes / schemes of Central Government / State Government and devolution from 14<sup>th</sup> Central Finance Commission are transferred to cities through prescribed mechanism. Guidelines issued by Ministry of Finance regarding the grants under 14<sup>th</sup> Finance Commission are at Annexure - I. The quantum of grants for Urban Local Bodies as per recommendations of 14<sup>th</sup> Finance Commission are at Annexure - II.

(d) & (e) : The Smart City Mission is being operated as a Centrally Sponsored Scheme and the Central Government will be giving financial support to the Mission to extent of Rs.48,000 crore over 5 years, i.e. on an average Rs.100 crore per city per year. An equal amount, on a matching basis, will be contributed by the State/Urban Local Body (ULB).

The implementation of the Smart Cities Mission is being done by a City level Special Purpose Vehicle (SPV), a limited company incorporated under the Companies Act, 2013 in which the State/UT and the Urban Local Body (ULB) will be the promoters having 50:50 equity shareholding. The SPV will have to comply with all the regulatory/monitoring mechanisms set out in the Companies Act.

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