



Smart Cities Mission
Ministry of Housing and Urban Affairs

Advisory No. 13 (Revised)

Date: 21.01.19

Policy for Managing Variation in the Projects in the Smart City Proposal

Smart City Proposals (SCP) under the Smart City Mission (SCM) have been prepared by the cities keeping in view their local context, resources and levels of ambition. The SCP contains the vision, mobilization plan of resources, and intended outcomes in terms of infrastructure up-gradation and smart applications in the city. The projects included in the SCP were based on the SCM guidelines and comprised projects under the Area Based Development (ABD) and Pan City Initiatives. Implementation of the SCP is being done by the Special Purpose Vehicle (SPV) with monitoring at the National / State / City level.

Over the course of mission implementation, SPV's have been requesting the Ministry to permit changes in the SCP, that have arisen due to various factors which were not envisaged at the time of initial SCP preparation. The SCM guidelines did not anticipate any change in the SCP, since its preparation was to be done diligently by the cities after establishing technical and financial feasibility of the proposed projects. However, the preparation of the SCP is a challenging exercise, which was also recognized in the SCM guidelines. It is experienced that during project implementation, there may arise situations that may necessitate a change in the project due to technical constraints, financial feasibility, supply side challenges or change in aspiration of people of the city. While some flexibility is understandable so as to match the ground realities with the objectives of the mission, this should not lead to vitiation of the challenge process and its spirit, that may lead to complications in the future.

In this background, the advisory aims to provide some amount of flexibility by allowing changes in the SCP, without disturbing the spirit of the Challenge Process to ensure timely and successful achievement of the Mission objectives.

Further, no additional funds would be given to the city by the Central Government, for any such variation.

Changes in the SCP that can be permissible are elaborated as under:

I. Addition of new Projects:

- (i) *Addition of new projects in SCP* (projects that were not originally forming part of the SCP) is permissible, provided the new project is as per the SCM guidelines and/or any modifications to the guidelines issued by the Mission from time to time. In addition, clear fund availability for the project has to be ensured.
- (ii) *Addition of projects outside ABD location* is not permissible, unless it is as per the guidelines of the Mission and/or further modifications to the mission guidelines issued by the Ministry from time to time.
- (iii) *Addition of non-ICT projects as a Pan City Initiative* is not permissible. Only projects that follow the guidelines prescribed in section 5.1.4 of the Mission Guidelines, and having clear fund availability can be included in Pan City Initiatives.
- (iv) *Addition of projects which are partially outside ABD location* is permissible. In such projects, significant portion of the project should be within ABD geographic area. For such cases, the proportional cost of the part of project inside the ABD can be considered under SCM. Further, projects having some portion outside the ABD can also be considered, provided the purpose of the work is for first mile / last mile connectivity. E.g. storm water drainage, water supply, electricity, etc. However, the connectivity portion of such projects cannot be a significant part of the project cost.

II. Dropping / Deletion of projects:

- (v) *Dropping of projects from SCP* on the MIS, is permissible only in exigent circumstances. However, projects dropped from SCP shall continue to reflect in the MIS. The cities will have to give a clear reasoning for not undertaking the work.

III. Changes in financial parameters:

- (vi) *Changes in cost of individual projects* is permissible, provided there is no material modifications to the project and the overall amount of the SCP does not undergo a significant change due to reduction in value. However, an increase in the overall amount of SCP is permissible only on clear fund availability or where the alternative source of financing for the project has been finalized.
- (vii) *Change in source of funds is permissible*, provided clear fund availability is ensured. However, for project being funded from SCM funds of the Central Government / State Government / ULB (upto Rs. 1,000 crore), no additional allocation of funds shall be made by the Central Government under this head.

IV. Changes due to contract management:

(viii) *Consolidation (merging) of projects for ease of contract management*, by calling one tender for multiple projects under SCP is permissible. However, the original projects linked to the SCP will continue to reflect in the MIS for monitoring and reporting purposes and the cities will have to show physical and financial progress against each work individually. The consolidated tender details can be shown separately with suitable changes in the MIS reports.

(ix) *Splitting of a large project into multiple tenders for ease of contract management* is permissible. However, the original projects linked to the SCP will continue to reflect in the MIS for monitoring and reporting purposes. Details of split tenders called against the project can be shown separately by making suitable changes in the MIS reports.

The above modifications will be subject to the conditions laid down in the SCP guidelines and any other directions / guidelines issued by the Ministry from time to time. The SPV shall be required to ensure that the revisions in SCP are in accordance with the above guidelines. Full responsibility for ensuring that the individual projects added/ selected/ executed in/ under the SCP follow the above guidelines shall rest with the SPV CEO.

Further, please refer the DO Letter of even number dated 7th August 2018, and the follow-up letter dated 7th September 2018 regarding freezing of smart city project to be funded from Government (Central / State / ULB) grants under the Mission and submission to the Ministry with approval of Board of SPV. SPVs should ensure that all activities necessary for finalizing the list are completed timely and due approval of Board is obtained on the final list, adhering to the advisory above. The Board resolutions, with due approval, may be uploaded on the Smart Cities MIS. A link has been uploaded for the same at www.moud.in/Smartcitiesmission/projectmonitoring/uploadBoardResolution .