

No. K-15016/61/2015-SC-I  
Government of India  
Ministry of Urban Development  
Smart Cities Division

Nirman Bhawan, New Delhi  
Dated: - 26<sup>th</sup> May, 2016

**OFFICE MEMORANDUM**

Subject: - Delegation of Financial Powers to SPV.

The undersigned is directed to convey that Smart City Mission Guidelines provide inter alia that implementation of the Smart City Mission at the city level will be done by a Special Purpose Vehicle created for this purpose. The SPVs will be a limited company incorporated under Companies Act, 2013 at the city-level. It was also proposed to give complete flexibility and financial autonomy to the SPV to implement and manage the Smart City Projects and the State /ULBs will undertake measures for this purpose.

2. It has come to the notice of MoUD that powers of the Board are being exercised by other entities. In this connection, it is brought to the notice of all Principal Secretaries (UD)/ Mission Directors and Board of SPVs that the SPV established under Companies Act, 2013 will function under provisions of the Companies Act, 2013. Section 179 of the Companies Act prescribes that

*"Board of Directors of a Company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do; Provided further that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in memorandum or articles, or any regulations no inconsistent therewith and duly made thereunder, including regulation made by the company in general meeting."*

3. The Company therefore, has full autonomy to discharge its functions as prescribed under Article of Associations (AOA) to meet objectives written in MOA including exercise of financial powers within the framework of Companies Act, 2013.

4. It is, therefore, advised that States/ULBs may strictly follow the provisions of the Companies Act, 2013, for operationalization of SPV in the Smart Cities.

**(Sanjay Sharma)**

**Under Secretary to the Government of India**

Tel. – 23062908

To

- 1) Principal Secretary (UD)/ Mission Directors of all 98 shortlisted Smart Cities
- 2) Municipal Commissioners/ CEO of SPVs with a request to bring this to the notice of the Board.