

**DIRECTORATE OF URBAN LAND TRANSPORT
GOVERNMENT OF KARNATAKA**

Framework for management of Urban Transport Funds created at State and City Levels

Final Report

October 2012



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1. Introduction

- 1.1 The Ministry of Urban Development (MoUD), Government of India (GoI) has recommended the creation of dedicated State Urban Transport Funds (SUTF) at both the State and city levels to fund their respective urban transport initiatives.
- 1.2 The Government of Karnataka (GoK) accorded its approval for creation of an Urban Transport Fund at the State and city levels. A sum of Rs.10 Crores has been sanctioned vide Government Order No. UDD 196 CSS 2010 dated 26.11.2010 for setting up a dedicated Urban Transport Fund for Bangalore. Further, a sum of Rs.5 Crores has been sanctioned vide Government Order No. UDD 116 CSS 2010, dated 21.06.2011 for setting up a dedicated Urban Transport Fund for Mysore. The SUTF has been created with an initial corpus of Rs.60 Crores¹.
- 1.3 Department of Urban Land Transport (DULT) would act as the nodal agency for management of the State and city level UTF at all times.
- 1.4 DULT intends to establish an operational framework for the efficient management of SUTF which would *inter alia* include constitution of a strong administrative set up, assigning roles and responsibilities of members constituted, formulating rules and regulations, management of the SUTF, formulate performance evaluation parameters and audit mechanisms. The operational framework for the management of the SUTF is presented in this Report.

2. Objectives of the Operations Manual

- 2.1 The Operations Manual sets out the administrative and operating procedures for managing the SUTF and may be amended from time to time by the Empowered Committee.
- 2.2 The administrative and operating procedures as spelt out herein should be strictly adhered to and any deviation thereof would be possible only after obtaining due approval from the Empowered Committee.
- 2.3 The objectives of the Operations Manual is as follows:
 - a) Set out the governance framework for all the activities under the SUTF;
 - b) Establish a formal standardized methodology for operations of the SUTF ;
 - c) Facilitate audit and performance evaluation of the SUTF.
- 2.4 The criteria for approval of financial assistance to Beneficiary organisations, procedure for according approval mechanisms for disbursement of sanctioned amounts are also set out in this Operations Manual.

¹ As indicated by the Finance Department, GoK

² Representative should not be below the rank of Deputy Secretary to the Government of Karnataka

3. Constitution of the SUTF

The section sets out the operational framework of the SUTF.

3.1 Objectives of the SUTF

3.1.1 The objective of the SUTF is to facilitate implementation of urban transport projects by way of funding the following activities:

- a) traffic and transportation studies in the city/local planning area;
- b) capacity building activities;
- c) programmes creating awareness among the general public on traffic related issues;
- d) projects aimed at popularizing non-motorised transport;
- e) improvement of accessibility and efficiency of public transport;
- f) projects considered as a viable solution for improving the public transport and non-motorized transport infrastructure in a city / Local Planning Area (LPA)
- g) any other innovative projects to be taken up on a pilot basis

3.1.2 In addition to the above, SUTF may also be utilised towards lending soft loans to Government agency / statutory body.

3.2 Construct of SUTF

3.2.1 The SUTF would be financed from the following sources*:

- a) Budget allocation
- b) 1% of Cess on motor vehicle tax
- c) 2% of Cess on property tax (as per amendment)

**The Target Date for accretion shall be as per prescribed time limits and laid down mechanisms.*

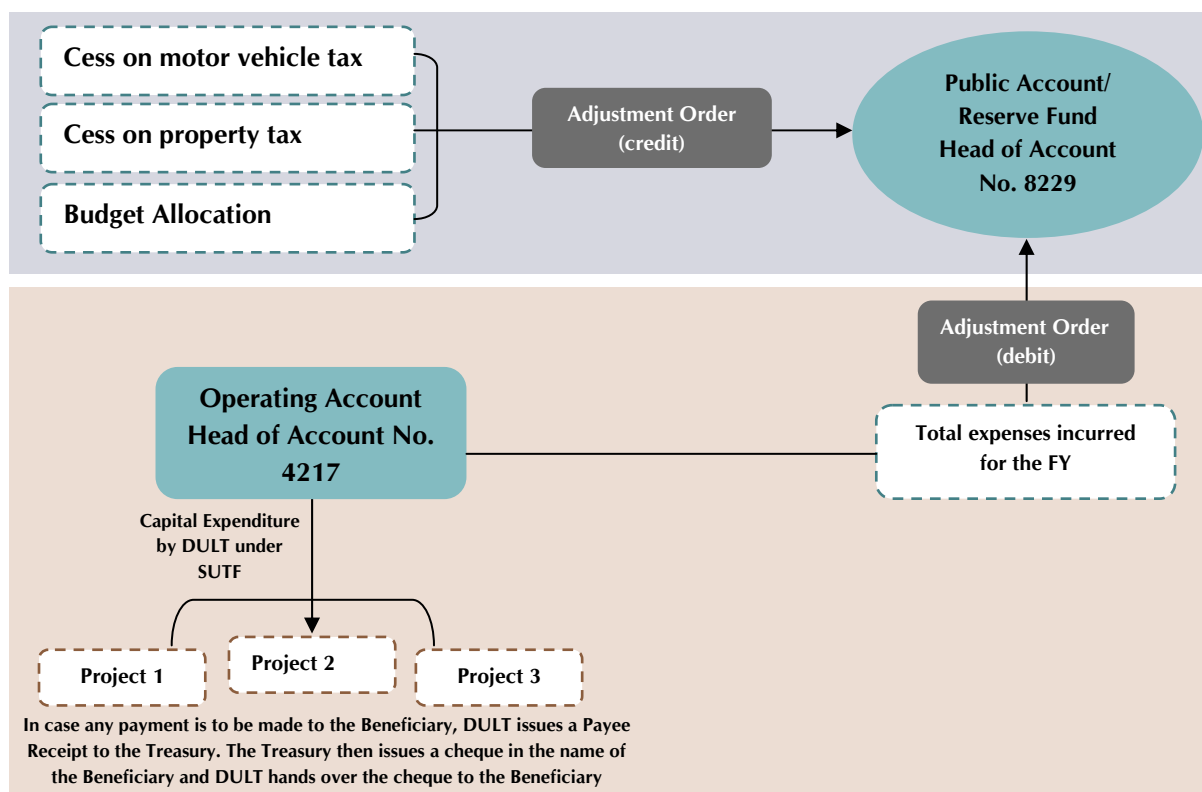
3.2.2 For the purpose of the SUTF, in the beginning of the Financial Year (FY), the Finance Department, GoK, credits a pre-determined percentage of the cess obtained for the motor vehicle tax and an amount from the State Budget into a dedicated **Public Account/ Reserve Fund** bearing the account No.8229.

3.2.3 DULT has created an **Operating Account** bearing the account No.4217 for (withdrawal only) for operational expenses incurred for providing assistance under SUTF. The cost towards projects undertaken as part of SUTF is meted out of this account.

3.2.4 In case of any payment to be made by DULT to any beneficiary, **Payee Receipt** as set out in **Annexure 1** is issued to the Treasury, GoK. On receipt of the Payee Receipt, the Treasury issues a cheque for payment in the name of the Beneficiary and sends the cheque to DULT.

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- 3.2.5 DULT hands over the cheque for payment issued by the Treasury to the Beneficiary.
- 3.2.6 At the end of the FY, DULT issues an **Adjustment Order** to the Finance Department for an amount equal to all the payments (expenses incurred) made to beneficiaries during the FY to be debited to the Reserve Fund.
- 3.2.7 The fund flow diagram given below sets out the construct of SUTF.

**Illustration for better understanding:**

- An amount equal to 1% cess on motor vehicle tax, 2% cess on property tax and the budget allocation for the FY is **credited** to the Reserve Fund/ Public Account (No. 8229) through respective Adjustment Orders. Assume that the Public Account/ Reserve Fund has a corpus of Rs. 60 Crores for FY 2013 which is maintained with the Finance Department / Accountant General, GoK. Similarly, the State Budget has indicated an amount of Rs. 30 Crores to the Operating Account (No. 4217) of DULT. Hence the corpus of Operating Account is Rs. 30 Crores.
 - In case, an amount of Rs. 2 Crores is to be paid to a beneficiary by DULT for preparation of a study report then, DULT would issue a Payee Receipt for Rs. 2 Crores to the Treasury. On receipt of the Payee Receipt, the Treasury would issue a cheque in the name of the beneficiary for payment of Rs. 2 Crores and send the cheque to DULT. DULT would then hand over the cheque to the beneficiary.
 - Say for the entire FY 2013, an amount of Rs. 20 Crores has been expended (paid) by DULT then, at the end of the FY, by way of Adjustment Order from DULT, Rs. 20 Crores (an amount equal to all payments/ withdrawals made in FY 2013) would be **debited** from the Public Account/ Reserve Fund.
- 3.2.8 It is envisaged that in the future the Reserve Fund would be further strengthened with other sources of revenues to the exchequer, which include but not limited to the following:
- A share of the advertisement revenues accruing from urban transport projects funded through SUTF;
 - A share of the betterment levy charged in urban areas where urban transport projects partly funded through SUTF, is operational;

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- c) A share of congestion tax levied on motorised vehicles;
- d) A share of user charges such as parking charges/ fees;
- e) Grants/ loans/ advances from Government of India, GoK or any institution or any amount borrowed;
- f) Interest accrued on soft loans to Government agencies/ departments;
- g) Returns on investments made directly or through any agency/authority. For instance, investments into treasury.

Note: The share of funds from these sources would need to be finalised post discussions with the Authority / Government Agency / Statutory body concerned. The Target Date for accretion shall be as per prescribed time limits and laid down mechanisms.

3.2.9 DULT shall be the custodian of SUTF. For the purposes of ensuring effective utilisation of SUTF an Empowered Committee (EC) shall be constituted.

3.3 Empowered Committee

3.3.1 **Composition :** The Empowered Committee (EC) shall comprise the following members:

| S.No. | Department | Members of EC | Designation |
|-------|---|--|------------------|
| 1 | DULT | Commissioner | Chairman |
| 2 | Urban Development Department | Representative ² of Principal Secretary to the Government | Member |
| 3 | Transport Department | Representative ² of Principal Secretary to the Government | Member |
| 4 | Finance Department | Representative ² of Principal Secretary to the Government | Member |
| 5 | Law Department | Representative ² of Principal Secretary to the Government | Member |
| 6 | Karnataka Urban Infrastructure Development Finance Company (KUIDFC) | Representative of Managing Director | Member |
| 7 | DULT | Special Officer | Member Secretary |

3.3.2 **Functions :** The functions of the Empowered Committee are:

- a) Accord approval for the annual action plan prepared by DULT at the beginning of each year along with financial statements, performance reports etc;
- b) Monitor the functioning of SUTF;
- c) Review the progress of various activities vis-a-vis the annual action plan on a quarterly basis or on a more periodic basis as deemed necessary.

3.3.3 The functions of Member Secretary are:

- a) Select projects that would enhance the urban transport facilities in the city;

² Representative should not be below the rank of Deputy Secretary to the Government of Karnataka

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- b) Prioritise urban transport facility projects to be assisted under the SUTF;
- c) Prepare an annual action plan in the beginning of each year based on the projects / activities sanctioned and obtain the approval of the Commissioner, DULT;
- d) Process for sanction and periodic disbursements of funds to a Government Agency / statutory body for undertaking urban transport projects with regard to non-motorised transport, mass-rapid transit; capacity building activities and such other purposes it may deem fit;
- e) Maintain proper books of accounts and records thereof;
- f) Process for appointment of agents, legal, technical or financial consultants or advisers if required on such terms as it may deem fit;
- g) Any other function specifically assigned by the Chairman of the Empowered Committee.

3.4 Operational Framework of SUTF

3.4.1 DULT, at the start of every Financial Year (FY) shall invite Proposals from Government agency / statutory body (referred to as “**Beneficiary**”) for availing financial assistance under SUTF. DULT may consider the following projects eligible for availing financial assistance under SUTF.

- a) **Traffic and transportation studies in the city/local planning area:**
 - i. Projects that have been discussed as part of City Mobility Plan (CMP) / Comprehensive Traffic and Transportation Plan (CTTP) study of respective city/ town;
 - ii. Pre-feasibility studies for urban transport projects
 - iii. Detailed Feasibility Studies/ Detailed Project Reports (DPRs)
 - iv. Detailed Engineering Reports (preparation of designs and drawings)
 - v. Environmental and Social Impact Assessment Studies.
- b) **Capacity Building:**
 - i. Workshops, seminars, training programmes that would enhance the knowledge and skills of transport planners, engineers and other personnel working in the urban transport sector
 - ii. Setting up of traffic engineering cells in the city so that the necessary expertise is available within the city
 - iii. Providing capacity building for the officials of Government Agency/ citizens on benefits of mass rapid transit, non-motorised transport, innovative urban transport project, and such other aspects
- c) **Public Awareness** - Programmes creating awareness among the general public on traffic related issues;
- a) **Non-Motorised Transport** - Projects aiming to popularise and propagate non-motorised transport through development of cycle tracks along the city roads to promote cycle as a viable means of transport, re-engineering of footpaths to make them accessible to all sections of the society etc.

- b) **Public Transport** - projects that result in improvement in accessibility and efficiency of public transport through development of Bus Rapid Transit (BRT) corridors along with necessary infrastructure (except the rolling stock), introduction of ITS, inter-modal transit centres etc.
- c) Any other innovative project, which is considered as a viable solution for improving the public transport and non motorised transport infrastructure in a city / Local Planning Area (LPA).

3.4.2 The sector wise allocation of funds³ under the SUTF and the total amount of financial assistance that can be availed by the Beneficiary in the form of grant for the above mentioned Projects may be as follows:

| Sl.No | Project Code | Projects | SUTF share of Financial Assistance as Grant |
|-------|--------------|--|---|
| 1 | TTS/DPR | Traffic and transportation studies / preparation of Detailed Project Reports etc | Upto 80% |
| 2 | CB | Capacity Building | Upto 100% |
| 3 | PA | Public Awareness | Upto 70% |
| 4 | NMT | Non-Motorized Transport | |
| | NMT-CC | <i>For City Corporations (CC)</i> | Upto 50% |
| | NMT-CMC | <i>For City Municipal Council (CMC)</i> | Upto 60% |
| | NMT-Others | <i>For any other Government Agency (GA) / Statutory Body (SB)</i> | Upto 70% |
| 5 | PT | Public Transport | Upto 50% |
| 6 | IP | Any other innovative project | Upto 100% |

Note: The quantum of financial assistance to be provided to the Beneficiary may vary on a case to case basis and shall be determined by DULT. The Beneficiary shall have to contribute the balance.

3.4.3 An Annual Action Plan (AAP) shall be prepared based on the proposals received and shall be submitted to the Empowered Committee for its review. The AAP shall detail out the quantum of funds that are sanctioned for various projects / activities, brief description of the projects / activities that are intended to be taken up, timelines / milestones for completion of various activities.

3.4.4 Based on the comments from the Empowered Committee, the AAP shall be suitably modified. A compliance note shall be prepared stating the changes incorporated in the AAP and the reasons for the same.

³ The financial assistance to be provided under the UTF is only indicative and may vary on a Project to Project basis at the discretion of DULT.

3.5 Procedure for availing of Financial Assistance

3.5.1 Approval of Project Proposal

Where any financial assistance is being sought from SUTF by a Beneficiary for undertaking any Project mentioned in section 3.4.2., the following procedures would need to be adhered to.

- a. The Beneficiary seeking financial assistance shall submit a Project Proposal to DULT for availing financial assistance in the form of grant or soft loan from SUTF (the “**Proposal**”) clearly setting out the purpose, aim and objective, milestones for completion if any, for the Project. The format for the Proposal for availing Financial Assistance under SUTF to be complied by the Beneficiary is set out in **Annexure 2**.
- b. DULT shall review, appraise and scrutinise the Proposal submitted by the Beneficiary.
- c. DULT shall within the lapse of 14 (fourteen) days from the date of receipt of the Proposal either approve the Proposal or seek clarification/ modifications from the Beneficiary.
- d. The Beneficiary within 14 (fourteen) days of receipt of clarification/ modifications sought by DULT shall provide the necessary clarifications/ modify and resubmit the Proposal for approval of DULT.
- e. Upon receipt of the revised Proposal, DULT shall review, appraise and scrutinise the same and may decide to approve the Proposal.
- f. In any case, DULT shall communicate in writing its decision on the approval of the Proposal to the Beneficiary.
- g. Upon approval of the Proposal, DULT shall issue to the Beneficiary an Approval Letter as per the format set out in **Annexure 3**.
- h. Within 7 (seven) days from the date of receipt of the Approval Letter, the Beneficiary and DULT shall enter into a Memorandum of Understanding (MoU) for availing financial assistance from SUTF. An indicative format of the MoU is set out as **Annexure 4**.

3.5.2 Release of Grant for Projects

- a. Upon approval of the Proposal, DULT shall release the funds to Beneficiary in accordance with the Release of Funds Schedule set out in the MoU. The release of funds shall be made upon submission of reports/ completion of a particular stage of the Project,
- b. An indicative schedule for release of funds is set out in the table below.

| Projects | Release of Grant Schedule (indicative) | | |
|--|--|--|-------------------------------|
| | Stage 1 | Stage 2 | Stage 3 |
| Traffic and transportation studies / preparation of Detailed Project Reports etc | On execution of MoU | On submission of draft report | On submission of final report |
| % of funds released from SUTF share (Upto 80%) | 10% | 40% | 50% |
| Capacity Building | On execution of MoU | On conduct of capacity building workshop | |
| % of funds released from SUTF share (Upto 100%) | 50% | 50% | - |
| Public Awareness | On execution of MoU | On conduct of public awareness campaign | |
| % of funds released from SUTF share (upto 70%) | 50% | 50% | - |
| Non-Motorized Transport | As approved by DULT | | |
| % of funds released from SUTF share (CC – upto 50% CMC – upto 60% GA/SB – upto 70%) | As approved by DULT | | |
| Public Transport | As approved by DULT | | |
| % of funds released from SUTF share (upto 50%) | As approved by DULT | | |
| Any other innovative project | As approved by DULT | | |
| % of funds released from SUTF share (upto 100%) | As approved by DULT | | |

3.5.3 Release of loans for the Project

Only in Projects that result in development of infrastructure or procurement of goods/ rolling stock or provision of public services, DULT may on the basis of the commercial/ financial viability of such Projects choose to extend financial assistance to the Beneficiary in the form of soft loans.

3.5.4 Fund Utilisation Certificate

- a. In Projects where the Beneficiary is required to submit reports as a pre-requisite to release of funds, DULT shall review the reports within a period of 2 (two) months from the date of receipt of the same. Upon review of the report, DULT may either approve the report and issue a Release Order for Financial Assistance in accordance with **Annexure 5** or seek clarification/ modification from the Beneficiary. In case, the Beneficiary is sought to provide clarification shall provide clarification/ carry out modification, the Beneficiary shall carry out the same and re-submit the report within the time stipulated by DULT.
- b. DULT shall issue a Release Order for Financial Assistance only upon receipt of a Fund Utilisation Certificate from the Beneficiary as per the format set out in **Annexure 6**. However, the Beneficiary may not be required to furnish a Fund Utilisation Certificate for the initial instalment of fund released by DULT.

3.6 Project Monitoring and Review

- 3.6.1 Upon completion of the Project, the Beneficiary shall submit a copy of the Project Completion Certificate to DULT.
- 3.6.2 DULT may, from time to time hold review meetings with the Beneficiary to review the progress of the Projects.
- 3.6.3 The accounts and audit requirements of SUTF shall be as per the mechanism laid down by GoK.

3.7 Budgeting

- 3.7.1 DULT shall within a period of 3 (three) months from the completion of the FY, submit all requisite Financial Statements on the utilization of funds under SUTF for the FY to the Empowered Committee.

3.8 Performance Evaluation

3.8.1 Evaluation of Projects

- a. DULT may at any stage of the Project, undertake concurrent or random evaluation of the Project.
- b. DULT shall within a period of 6 (six) months from the completion/ date of commercial operations of the Project, evaluate the progress and benefits of the Project.

3.8.2 Utilisation of SUTF

Targets for SUTF would need to be drawn up at the beginning of each year and would need to be reviewed every quarter by the Empowered Committee.

The targets for SUTF may include:

- a. Number of Projects selected (pipeline Projects)
- b. Number of Projects approved
- c. Number of Projects financed
- d. Actual amount of disbursements
- e. Average Processing Time for Approval of Financial Assistance

3.9 Meetings and Reports

- 3.9.1 The Empowered Committee would meet on a quarterly basis or maybe as and when required to review the utilization of the SUTF, financial assistance being disbursed and to discuss all other matters relating to the SUTF.

The following reports need to be prepared by DULT and placed before the Empowered Committee.

| S. No | Report to be Submitted | Periodicity |
|-------|---|-------------|
| 1. | Budget | Annual |
| 2. | Operations/ Budget Review <ul style="list-style-type: none">• Projects approved• Projects developed/ under development• Projects in the pipeline• Fund Flow Statement• Details of Administrative Expenses• Approvals and Disbursals of Financial Assistance• Yields on Treasury Investments | Quarterly |
| 3. | Report on Performance of SUTF/Approved Projects | Annual |

Annexure 1
Format of Payee Receipt

ಅನುದಾನದ ಬಿಲ್ಡು / ಸ್ವೀಕೃತವನ ರಸೀದಿ

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| | | | ಸಿ. ಟಿ. ಎಸ್. |
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| | | | ದಿನಾಂಕ |
| | | | ಓರ್ವರ್ ಸಂಖ್ಯೆ |
| | | | ಮೂಲಗಳು |
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| ಸ್ಥಳ | | ಸಹಿ | |
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* ಈ ಅಂಕಣ ಉಪಯೋಗಿಸುವಾಗ ಶೀರ್ಷಿಕೆಯ ಕೋಡ್‌ನ್ನು ಕಡ್ಡಾಯವಾಗಿ ಬಿಡಿಯಬೇಕು.

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| ಖಜಾನೆಯ ಉಪಯೋಗಕ್ಕಾಗಿ ಸಂದಾಯ ಮಾಡುವುದು. | | ಲೆಕ್ಕ ಪರಿಶೋಧನ ಕಛೇರಿಯ ಉಪಯೋಗಕ್ಕಾಗಿ ಅಂಗೀಕೃತ ರೂ. ಹಿಂಬದಿಯಲ್ಲಿ ತಿಳಿಸಿರುವ ಕಾರಣಗಳಿಗಾಗಿ ಆಕ್ಷೇಪಣೆಯ ರೂ. | |
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| ಲೇಖಿಪಾಲ | ಮುಖ್ಯ ಕರಣಿಕ | ಅಧಿಕಾರಿ | ಅಧಿಕಾರಿ |

Annexure 2
Covering Letter
(on the letterhead of the Beneficiary)

Letter No:

Date:

The Commissioner,
Directorate of Urban Land Transport,
Urban Development Department,
[Insert Address]

Dear Sir / Madam,

Sub: Availing financial assistance under State Urban Transport Fund (SUTF) for [insert Project Name] for [town / city/ district/any other local planning area]

With regard to the captioned Project, *[insert Beneficiary Name]* propose to undertake *[insert Project Name]* for *[insert purpose of the Project]* at *[insert town/ city/ district / any other local planning area]*. For this purpose, we would intend to avail financial assistance in the form of _____ (Grant/ Soft Loan) to the tune of Rs. _____/- (Rupees _____ Only) from the State Urban Transport Fund (SUTF). The other details of the Project are provided in the Proposal for Financial Assistance under SUTF.

Looking forward for your assistance.

Thanking You.

Yours sincerely / faithfully,

Signature
Name
Designation
Department

Copy to:

- 1.
- 2.

Encl: a/a

Proposal for Financial Assistance under SUTF

1. Name / Title of the Project for which financial assistance under SUTF is being sought:
2. Project Code: (Tick the relevant box):

| | | |
|--------------------------|-------------------|--|
| <input type="checkbox"/> | TTS/DPR | Traffic and transportation studies / preparation of Detailed Project Reports etc |
| <input type="checkbox"/> | CB | Capacity Building |
| <input type="checkbox"/> | PA | Public Awareness |
| <input type="checkbox"/> | NMT | Non-Motorized Transport |
| <input type="checkbox"/> | NMT-CC | <i>For City Corporations (CC)</i> |
| <input type="checkbox"/> | NMT-CMC | <i>For City Municipal Council (CMC)</i> |
| <input type="checkbox"/> | NMT-Others | <i>For any other Government Agency (GA) / Statutory Body (SB)</i> |
| <input type="checkbox"/> | PT | Public Transport |
| <input type="checkbox"/> | IP | Any other innovative project |

3. Type of Financial Assistance (Tick the relevant box): Grant Loan
4. Quantum of Financial Assistance (in Rs.Lakhs):

- a. Proposed Release of Financial Assistance Schedule for the each stage if any:

| Sl. No | Release of Grant Schedule | % of funds to be allocated* | funds to be allocated (in Rs. Lakhs) | Timeline* |
|--------|---------------------------|-----------------------------|--------------------------------------|--|
| 1. | Stage I | | | - |
| 2. | Stage 2 | | | (__ months from execution of MoU) |
| 3. | Stage 3 | | | (__ months from submission of deliverable under Stage I) |
| | Total | 100% | | |

*Indicative Only

5. Project Details:
 - a. Brief description of the Project background:
 - b. Purpose of the Project:
 - c. Briefly describe the following details of the Project:
 - I. Social & economic benefits
 - II. Implementation mechanism
6. Details regarding Project Reports being prepared
 - a. Have any Detailed Project Reports (DPR) been prepared for the project?
 - b. If yes, kindly fill in the following details
 - I. Name & Address of Entity who prepared the Project Report
 - II. Salient Features of the project:

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- III. Key issues & challenges:
 - IV. Key financial details:
 - Project NPV:
 - Project IRR:
 - Other details:
 - V. Any other information:
-
- 7. Details of the Beneficiary
 - a. Beneficiary Department:
 - b. Beneficiary Address:
 - c. Beneficiary Contact Person 1:
 - d. Beneficiary Contact Person 2:
 - 8. Any other details (please specify):
 - 9. Please attach other relevant documents such as detailed Terms of Reference (ToR), Project Reports etc.

Annexure 3
Approval Letter for Financial Assistance
(on the letterhead of the DULT)

Project Code:

Letter No:

Date:

Name

Designation

Address

Phone

Email

Dear Sir / Madam,

Sub: Financial assistance under SUTF for [insert Project Name] for [town / city/ district/any other local planning area]

With regard to the captioned Project please find the details of the Financial Assistance extended.

1. Brief Project Background

2. Information on disbursement of funds

The total amount of funds sanctioned under the SUTF is Rs. ____/- lakhs (Rupees ____ Only).

The details of the Release for Financial Assistance shall be as follows:

| Sl.No | Release of Grant Schedule | % of funds to be allocated | funds to be allocated (in Rs. Lakhs) |
|-------|---------------------------|----------------------------|---|
| 1. | Stage 1 | | |
| 2. | Stage 2 | | |
| 3. | Stage 3 | | |
| | Total | 100% | |

Highlight the milestone(s) for which the amount is being disbursed.

3. Terms and Conditions

A total amount of Rs. ____/- (Rupees ____ Only) has been sanctioned from the State Urban Transport Fund for the Project subject to the following conditions:

- a. The amount of Rs.____/- (Rupees ____ Only) shall be released as per the Release for Financial Assistance Schedule.
- b. The Release for Financial Assistance for subsequent stages shall be subject to satisfactory submission of deliverables and appropriate Fund Utilisation Certificates.

Directorate of Urban Land Transport (DULT)

An amount of Rs. _____/- (Rupees ____ Only) shall be released from the [insert Account Details], administered by Directorate of Urban Land Transport in favour of [insert Beneficiary Name].

Thanking You.

Yours sincerely / faithfully,

Signature

Name

Designation

DULT

Annexure 4
Memorandum of Understanding (MoU)

This Memorandum of Understanding (the “MoU”) is made on this _____ day of _____, 20____ at Bangalore.

BETWEEN

Directorate of Urban Land Transport (DULT), Government of Karnataka having its office at _____, represented through an officer authorised by the Commissioner of Directorate of Urban Land Transport and Ex-officio Principal Secretary to Government (hereinafter referred to as “DULT” which expression shall, unless it be repugnant to the context or meaning thereof, include its successors and assigns) of the First Part,

AND

[Insert Beneficiary Name] having its office at **[Insert Beneficiary Address]**, represented through the **[Insert the Designation of the Authorized Signatory]** (hereinafter referred to as “**[Insert abbreviation of the Beneficiary]**” which expression shall, unless it be repugnant to the context or meaning thereof, include its successors and assigns) of the Second Part.

DULT and **[Insert abbreviation of the Beneficiary]** are collectively referred to as “Parties” and individually as “Party”.

WHEREAS

1. The Ministry of Urban Development (MoUD), Government of India (GoI) has recommended setting up of dedicated State Urban Transport Funds (SUTF) at the state and city levels to finance various initiatives for addressing the issues in urban transport system. Government of Karnataka (GoK) has accorded approval for creation of UTF at the State Level vide GO No. UDD 196 CSS 2010, Bangalore dated 26.11.2010 and at City Level vide GO No. UDD 116 CSS 2010, Bangalore dated 21.06.2011 for the cities of Bangalore and Mysore respectively.
2. DULT is appointed as the nodal agency to administer the above said funds. **[Insert abbreviation of the Beneficiary]** submitted a proposal vide Letter No. **[Insert Letter Number]** and requested DULT for sanction of funds for **[Insert Name of the Project]** (the “Project”).
3. For the purpose of implementing the Project, **[Insert abbreviation of the Beneficiary]** had submitted a Project Proposal (as set in Schedule I) dated _____ to DULT for obtaining financial assistance under the SUTF scheme to the tune of Rs. _____ (Rupees _____ Only) which shall be utilized by **[Insert abbreviation of the Beneficiary]** for meeting the Project Cost (more particularly set out in Schedule II).
4. Therefore, to further the objectives of the Project, DULT has agreed to provide upto a sum of Rs. _____/- (Rupees _____ Only) (“Amount”), after duly assessing viability of the Project. The Amount shall be used by **[Insert abbreviation of the Beneficiary]** solely for implementing the Project;
5. DULT has agreed to release the Amount as per the Release for Financial Assistance schedule provided in Schedule III, to **[Insert abbreviation of the Beneficiary]** for the implementation of the Project, pursuant to the terms and conditions as set out in this MoU and Schedules thereof.

6. It is now deemed necessary and expedient by the Parties hereto enter into this MoU and record the terms of services to be provided by **[Insert abbreviation of the Beneficiary]** with respect to the Project.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Purpose and Scope

- 1.1 DULT hereby agrees to release the Amount up to a sum of Rs. _____/- (Rupees _____ only) on the terms and conditions contained in this MoU and the **[Insert abbreviation of the Beneficiary]** agrees to implement the Project as per the Project Proposal.
- 1.2 **[Insert abbreviation of the Beneficiary]** further agrees to perform the Project as per the Project Proposal and shall comply with the said guidelines and amendments thereto, if any.
- 1.3 The Amount released to **[Insert abbreviation of the Beneficiary]** shall be used by **[Insert abbreviation of the Beneficiary]** solely for the implementation of the Project and **[Insert abbreviation of the Beneficiary]** undertakes that the Amount shall not be used for payment of any outstanding loan or debts, due to any other person or for any other purposes.
- 1.4 The disbursements of the Amount shall be made by DULT as per the Release for Financial Assistance schedule provided in Schedule III of this MoU.
- 1.5 The disbursements shall be subject to fulfillment of pre-disbursement conditions by DULT as set out in Schedule III and subject to the **[Insert abbreviation of the Beneficiary]** complying with the provisions of this MoU, as may be applicable, and the disbursement procedure stipulated by the **[Insert abbreviation of the Beneficiary]** and the expenditure incurred being in consonance with the details mentioned herein / approved by DULT.
- 1.6 The disbursements shall be credited by DULT into the designated account of the **[Insert abbreviation of the Beneficiary]** for amounts disbursed under this MoU. All the related collection/ remittance / other charges in relation to obtaining the Amount will be borne by the **[Insert abbreviation of the Beneficiary]**.
- 1.7 The **[Insert abbreviation of the Beneficiary]** shall provide DULT with notice requesting for release of the Amount as per the Release for Financial Assistance schedule provided under Schedule IV.
- 1.8 The **[Insert abbreviation of the Beneficiary]** shall be severally liable to comply and fulfil all its obligations under this MoU.
- 1.9 The **[Insert abbreviation of the Beneficiary]** agrees that if as a result of review by DULT, it is of the opinion that the **[Insert abbreviation of the Beneficiary]** has not implemented/nor is likely to implement the Project within the Project Cost as provided in Schedule II and/or in accordance with the financing plan as per the Project Proposal, DULT shall be entitled to terminate this MoU.
- 1.10 The **[Insert abbreviation of the Beneficiary]** shall submit all necessary and relevant documents demonstrating that the Amount has been utilized as per the Project Proposal to the complete

satisfaction of DULT and shall submit Fund Utilization Certificate(s) in time & as per the format provided hereto.

- 1.11 Any interest accrued on the Amount disbursed by DULT into the bank account of the **[Insert abbreviation of the Beneficiary]** where the Amount was credited under this MoU shall be accounted for and used solely for the purposes of the Project.

2. **[Insert abbreviation of the Beneficiary] Representation and Warranties**

- 2.1 **[Insert abbreviation of the Beneficiary]** hereby makes the following representations, warranties and confirmations; and state that the same are true, correct, valid and subsisting in every respect as on the date of this MoU and shall remain true, correct, valid and subsisting in every respect as on the date of each disbursement by DULT hereunder
- (a) That the information given in the Project Proposal and any prior or subsequent information or explanation furnished by the **[Insert abbreviation of the Beneficiary]** to DULT are true, *bona fide* and accurate in all material respects.
 - (b) That the **[Insert abbreviation of the Beneficiary]** is duly incorporated and validly existing under the Laws of India and is in compliance of all applicable laws and possesses all statutory approvals and compliances for the execution of this MoU and for implementation of the Project.
 - (c) That the **[Insert abbreviation of the Beneficiary]** does not violate any covenants, conditions and stipulations of any of its existing agreement and shall at all times abide by all the terms and conditions of this MoU.

3. **Covenants**

- 3.1 During the subsistence of this Project and/or the MoU, the **[Insert abbreviation of the Beneficiary]** hereby agrees to:
- (a) **Promptly notify DULT;**
 - (i) of any event or circumstance which would, or is likely to, result in any of the representations and warranties made by the **[Insert abbreviation of the Beneficiary]** hereunder becoming untrue, incorrect or misleading in any manner;
 - (ii) of any material loss or damage which the **[Insert abbreviation of the Beneficiary]** may suffer due to any event, circumstances or act of God.
 - (b) **Deliver to DULT:**
 - (i) Project Evaluation Report agreed upon by both parties shall be submitted by the **[Insert abbreviation of the Beneficiary]** to DULT demonstrating the status of the Project;
 - (ii) Fund Utilization Certificate for every milestone demonstrating the utilisation of Amount by the **[Insert abbreviation of the Beneficiary]** as per the format provided hereto.
 - (iii) any other document as may be reasonably required by DULT to demonstrate the utilisation of the Amount by the **[Insert abbreviation of the Beneficiary]** to implement the Project as per the terms of this MoU.

- 3.2 DULT shall nominate an Officer for day-to-day co-ordination with **[Insert abbreviation of the Beneficiary]**.
- 3.3 **[Insert abbreviation of the Beneficiary]** shall submit to DULT 2 (two) hard copies and (one) soft copy of the deliverables.

4. Funding Arrangement

- 4.1 The first installment of Amount under this MoU shall be made during the _____ of financial year 20__ - __ and will be contingent upon execution of this MoU.
- 4.2 Subsequent installment releases shall be regulated on the basis of the milestones achieved, Fund Utilisation Certificates and written reports, if any to be submitted by the **[Insert abbreviation of the Beneficiary]** indicating the progress of the agreed milestones as per the Project Proposal including the following:
- (a) Documentary evidence indicating achievement of targets / milestones for the agreed performance indicators,
 - (b) Fund Utilization Certificate(s) as per agreed procedures under this MoU

5. Compliance with Laws

- 5.1 **[Insert abbreviation of the Beneficiary]** shall take due care that all its documents / reports comply with all relevant laws and statutory regulations and ordinances, guidelines in force which includes all laws in force and effect as of the date hereof and which may be promulgated or brought into force and effect hereinafter in India including judgments, decrees, injunctions, writs of or orders of any court of record, as may be in force and effect during the subsistence of this MoU applicable to **[Insert abbreviation of the Beneficiary]**.

6. Term and Termination

- 6.1 This MoU shall be effective from the date of signing and shall continue till a period of **[Insert number of months / year]** from the date of first disbursement of the Amount as per the Release for Financial Assistance schedule.
- 6.2 DULT may terminate or suspend this MoU, upon thirty (30) days written notice to the **[Insert abbreviation of the Beneficiary]**, in whole or in part for any material breach of the conditions stipulated herein, committed by the **[Insert abbreviation of the Beneficiary]**.

7. Governing Law and Settlement of Disputes

- 7.1 The MoU shall be governed by the laws of India. The Courts at Bangalore shall have jurisdiction over all matters arising out of or relating to this MoU.

8. Procedures for Resolution

- 8.1 If a dispute or difference between the Parties arises in connection with MoU, the Commissioner, DULT and **[Insert abbreviation of the Beneficiary]** shall meet as soon as practicable and endeavor to resolve the said dispute or difference.
- 8.2 If the dispute is still unresolved it shall be escalated to the Empowered Committee (EC) of the State Urban Transport Fund and the decision of the Empowered Committee shall be final and binding.

9. Transfer of Project

- 9.1 The **[Insert abbreviation of the Beneficiary]** shall not be entitled to assign any of its rights, benefits or obligations under this MoU without written consent of DULT;
- 9.2 Save as aforesaid, this MoU shall be binding upon and shall ensure for the benefit of DULT and its successors in title and assigns and the **[Insert abbreviation of the Beneficiary]** and its successors in title.

10. Notices

- 10.1 Unless otherwise stated, notices to be given under this MoU including but not limited to a notice of waiver of any term, breach of any term of this MoU and termination of this MoU, shall be in writing and shall be sent through registered post or any other mode normally adopted and delivered or transmitted to the Parties at their respective addresses set forth below:

If to DULT at:

If to [Insert abbreviation of the Beneficiary] at:

In witness whereof, the Parties hereto have caused this MoU to be executed the day and year herein above mentioned.

EXECUTED for and on behalf of **DIRECTORATE OF URBAN LAND TRANSPORT:**

Signature: _____

Name: _____

Designation: _____

Directorate of Urban Land Transport (DULT)

EXECUTED for and on behalf of [*Insert abbreviation of the Beneficiary*]:

Signature: _____

Name: _____

Designation: _____

Witness:

1) _____

2) _____

SCHEDULE I
Copy of the Project Proposal

SCHEDULE II
Project Cost
Applicable only for soft loans

(to be inserted from the Detailed Project Report prepared for the specific project)

SCHEDULE III
Pre-Disbursement Conditions

1. The ***[Insert abbreviation of the Beneficiary]*** shall comply with the following Project specific pre-disbursement conditions prior to each stage of Release for Financial Assistance:
 - (a) Specific pre-disbursement conditions to be complied with by the ***[Insert abbreviation of the Beneficiary]*** prior to disbursement of the First instalment:
 - (i) Execution of the MoU between DULT and the ***[Insert abbreviation of the Beneficiary]***.
 - (b) Specific pre-disbursement conditions to be complied with by the ***[Insert abbreviation of the Beneficiary]*** prior to disbursement of the second and subsequent installments, which shall be:
 - (i) Submission of Fund Utilization Certificate(s), duly certified by an ***[Insert designation of the authorised personnel]***, thereby certifying utilization of at least _____% of the total available funds towards the Project, by the ***[Insert abbreviation of the Beneficiary]***;
 - (ii) Submission of progress reports to DULT on a regular basis in the prescribed format for the approved expenditure;
2. **Any other Terms & Conditions:**

SCHEDULE IV
Release for Financial Assistance Schedule

(Insert the Release for Financial Assistance Schedule as agreed between DULT and the Beneficiary)

This table is only indicative and would vary on a Project to Project basis

| Projects | Release of Grant Schedule (indicative) | | |
|--|--|--|-------------------------------|
| | Stage 1 | Stage 2 | Stage 3 |
| Traffic and transportation studies / preparation of Detailed Project Reports etc | On execution of MoU | On submission of draft report | On submission of final report |
| % of funds released from SUTF share (Upto 80%) | 10% | 40% | 50% |
| Capacity Building | On execution of MoU | On conduct of capacity building workshop | |
| % of funds released from SUTF share (Upto 100%) | 50% | 50% | - |
| Public Awareness | On execution of MoU | On conduct of public awareness campaign | |
| % of funds released from SUTF share (upto 70%) | 50% | 50% | - |
| Non-Motorized Transport | As approved by DULT | | |
| % of funds released from SUTF share (CC – upto 50% CMC – upto 60% GA/SB – upto 70%) | As approved by DULT | | |
| Public Transport | As approved by DULT | | |
| % of funds released from SUTF share (upto 50%) | As approved by DULT | | |
| Any other innovative project | As approved by DULT | | |
| % of funds released from SUTF share (upto 100%) | As approved by DULT | | |

Annexure 5
Release Order for Financial Assistance
(on the letterhead of the DULT)

Project Code:

Release for Stage ____ *(Mention name of deliverable or stage)*

Letter No:

Date:

Name

Designation

Address

Phone

Email

Dear Sir / Madam,

Sub: Financial assistance under SUTF for [insert Project Name] for [town / city/ district/any other local planning area]

With regard to the captioned Project please find the details of the Financial Assistance extended.

Information on Release Order for Financial Assistance

The total amount of funds sanctioned for [Insert Stage Name and Number] under the SUTF is Rs. ____/- (Rupees ____ Only).

The details of the Release for Financial Assistance shall be as follows:

| Sl. No | Release of Grant Schedule | % of funds to be allocated | funds to be allocated (in Rs. Lakhs) |
|--------|---------------------------|----------------------------|--------------------------------------|
| 1. | Stage 1 | | |
| 2. | Stage 2 | | |
| 3. | Stage 3 | | |
| | Total | 100% | |

Highlight the Stage(s) for which the amount is being disbursed.

4. Terms and Conditions

- a. The amount of Rs. ____/- (Rupees ____ Only) shall be released for [Insert Stage Name and Number] as per the Release for Financial Assistance Schedule.

Directorate of Urban Land Transport (DULT)

- b. The Release for Financial Assistance for subsequent stages shall be subject to satisfactory submission of deliverables and appropriate Fund Utilisation Certificates.

An amount of Rs. _____/- (Rupees ____ Only) shall be released from the [insert Account Details], administered by Directorate of Urban Land Transport in favour of [insert Beneficiary Name].

Thanking You.

Yours sincerely / faithfully,

Signature

Name / Designation

Annexure 6
Format for Fund Utilization Certificate

Form of Utilization Certificate for State Urban Transport Fund

| Sl.No | Letter No. and Date | Amount | Certified that out of Rs. _____ /- (Rupees _____ only) of funds sanctioned during the year _____ in favour of Commissioner, DULT a sum of Rs. _____ /- (Rupees _____ only) has been utilised for the purpose for which it was sanctioned. |
|-------|--|-------------------------------------|--|
| 01. | Sanction : ID NO GO No: _____ Bangalore dated _____ | Rs. _____ /- (Rupees _____ only) | |

02. Certified that I have been satisfied myself that the conditions on which the grants / funds were sanctioned have been duly fulfilled / are being fulfilled and that I have exercised the required checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Authorised Signatory

Name
Designation
Department