

# FUND FLOW MECHANISM

## 1.1 FUND FLOW FOR COMPONENT 2

The component 2 of the SUTP consists of nine demonstration cities. As decided by the Planning Commission and DEA, this component will be under state sector, i.e. after receiving endorsement for the proposed projects from the MoUD the funds will be transferred directly to the state government. The proposed fund flow for the component is through three sources:

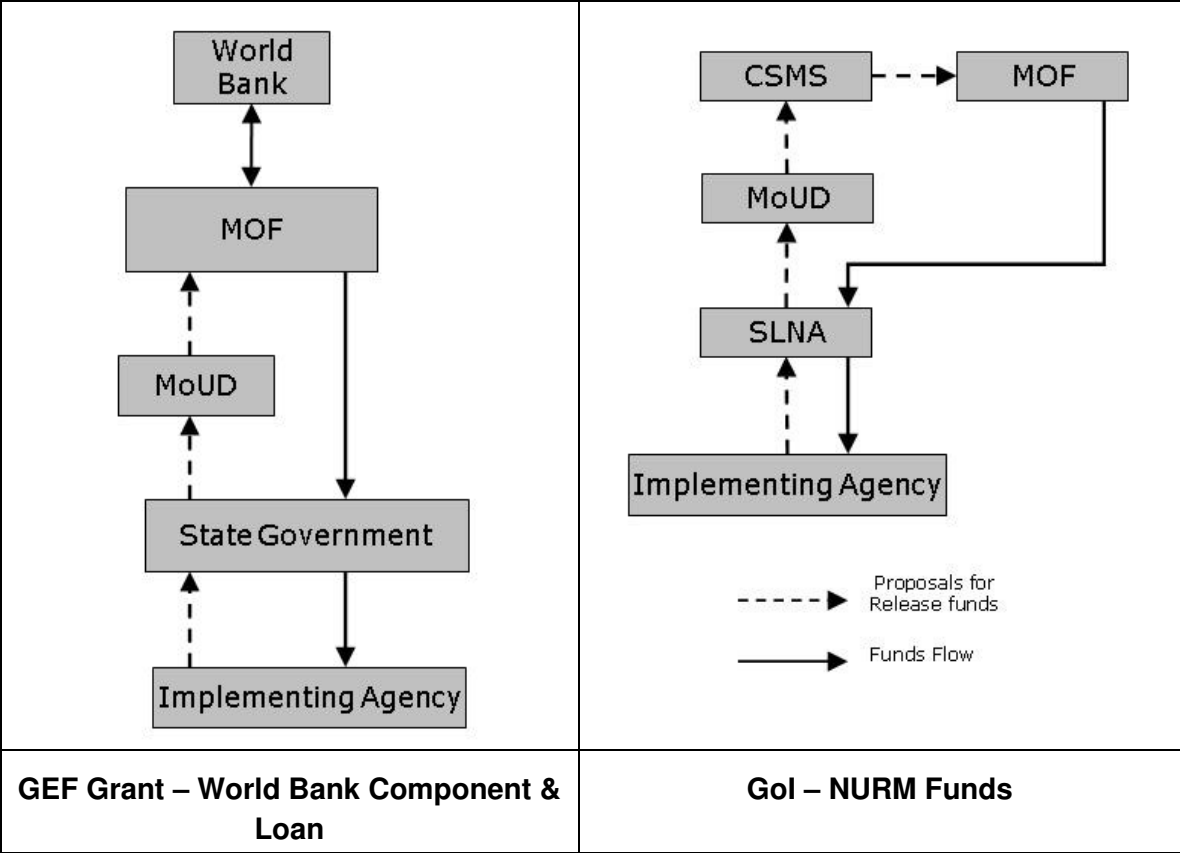
- Gol – NURM Funds
- GEF grant through World Bank
- World Bank Loan

### **1.1.1. Gol – NURM Funds**

All the cities selected under this component except Jalandhar are NURM cities; therefore major source of funding for these cities would be from JnNURM as per their prescribed norms and procedures. As per the NURM guidelines, the implementing agency will submit the request to the State Level Nodal Agency (SLNA) for funding. The SLNA will review the request and forward it to the MoUD, which will then put it up to the Central Sanctioning and Monitoring Committee (CSMC). Once endorsed by CSMC, the request for release of fund is then sent to MoF which directly transfers the funds to SLNA, which then in turn passes it on to the IA (**Figure 9.2**).

### **1.1.2. GEF Grant – World Bank/ World Bank Loan**

To seek the GEF grant or World Bank loan, the implementing agency will have to send a request to the state government which would forward it to MoUD. The Ministry would review the request and forward it to MoF with its endorsement. The MoF will release the funds directly to the state government, which will pass it on to the IA.



**Figure Error! No text of specified style in document.-1: Fund Flow for Component 2**