

No.K-16012/02/2018-AMRUT-IIB
Government of India
Ministry of Housing and Urban Affairs
AMRUT IIB

Nirman Bhawan, New Delhi
Dated: 23 March, 2018

To,

The Principal Secretaries
of the States/UTs,
(Urban Development/LSG/Municipal Administration)
(As per list attached)

Sub:-Incentive to Urban Local Bodies (ULBs), which are covered under Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for issuance of Municipal Bonds – regarding.

Madam/Sir,

As you are aware, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) has a reform agenda spread over a set of 11 reforms comprising 54 milestones to be achieved by the States/UTs over a period of four years. Credit rating of the Urban Local Bodies (ULBs) and floating Municipal Bonds are included under AMRUT reforms, to be achieved by 31 March, 2017. Credit Rating is a prerequisite for ULBs to raise money from Capital Markets and Financial Institutions. ULBs with Investment Grade Credit Rating (IGCR) can float Municipal Bonds to strengthen their financial capabilities.

2. Municipal Bond market has great potential in fulfilling the financial requirement of the urban sector, however, it remains largely untapped. Requests have been received from the ULBs for providing financial incentive for issuing Municipal Bonds.

3. Credit rating work has been awarded in 482 AMRUT cities and completed in 366 cities. 144 cities have Investible Grade Rating (IGR) of BBB- and above. Out of these, 30 cities have A- or above credit rating and have potential for attracting investment through bonds.

4. Therefore, in order to encourage ULBs in raising resources from the market, it has been decided to incentivize the ULBs, which are covered under AMRUT Mission and raising funds by issuing Municipal Bonds. The Ministry intends to incentivise up to 10 ULBs during the financial year 2018-19 for issuing Municipal Bonds on 'first come, first serve' basis, based on the date of issue of Bonds. The incentive amount will be limited to Rs.13 crore for every Rs.100 crore of Bonds issued and up to a maximum of Rs.200 crore worth of Bonds per ULB will be incentivised under this scheme. This amount will be met out of the reforms allocation for the year 2018-19. The full incentive amount will be paid in one lump sum and will be credited in the escrow account opened by the concerned ULB for this purpose.

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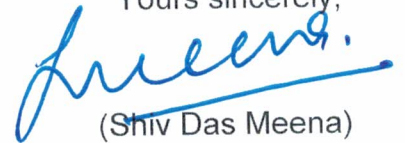
5. Incentive would be awarded only after successful issue of Municipal Bonds by the concerned ULB. The Urban Local Bodies which have issued Municipal Bonds during the year 2017-18 will also be eligible for claiming the incentive under this scheme.

6. The ULBs, after obtaining all the approvals from Securities and Exchange Board of India (SEBI) and after issue of Municipal Bonds, shall approach the Ministry for claiming incentive under the scheme by submitting following documents along with the proposal:

- i. ULB Resolution to float Bonds.
- ii. Copy of Credit Rating.
- iii. Necessary documentary evidence regarding issuance of Municipal Bonds.

7. You are therefore requested to bring it to the notice of concerned ULBs and advise them to take advantage of this scheme.

Yours sincerely,



(Shiv Das Meena)

Joint Secretary & Mission Director (AMRUT)

List of Principal Secretary/Secretary (UD) of States/UTs

Shri R. Karikal Valaven, IAS Principal Secretary Urban Development Deptt. Govt. of Andhra Pradesh Andhra Pradesh Secretariat, Amaravati	Shri S.K. Jain, IAS Secretary Urban Development Deptt. Govt. of Arunachal Pradesh, ITANAGAR : 791 111.
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Dr. Rohit Yadav, IAS Special Secretary (UADD) Urban Development Department Govt. of Chhattisgarh, Mantralaya, D.K.S. Bhawan, RAIPUR: 492001	Shri Sudhir Mahajan, IAS Secretary (UD), Deptt. of Urban Development & Housing, Government of Goa, PANAJI : 403001
Shri Mukesh Puri, IAS Principal Secretary Urban Development & Urban Housing Department, Govt. of Gujarat, New Sachivalaya Complex Block No. 14, 9th Floor, GANDHINAGAR - 382 010	Shri Anand Mohan Saran, IAS Principal Secretary (UD) Department of Urban Development Government of Haryana Room No.46, 7th Floor Haryana Civil Secretariat CHANDIGARH-160 017 Fax No : 0172-740 526, 2714058
Ms. Manisha Nanda, IAS Additional Chief Secretary Department of Urban Development Government of Himachal Pradesh, SHIMLA: 171 002	Sh. K.B. Agarwal, IAS Secretary (UD) Deptt. of Housing & Urban Development, Govt. of J & K, Secretariat, SRINAGAR.
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Ms. Manisha Patankar Mhaiskar, IAS Secretary (UD) Department of Urban Development, Govt. of Maharashtra, Mantralaya, MUMBAI: 400 032.	Dr. Prem Singh, IAS Secretary (UD) Deptt. of Muni. Admn., Housing and Urban Development Government of Manipur, IMPHAL : 795 001.
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Sh. L.B.Chetri, IAS Secretary (UD& Housing Deptt.) Urban Development & Housing Department, Govt. of Sikkim, NH 31A, GANGTOK :737 101.	Sh. Thiru. Harmander Singh, IAS Principal Secretary (UD) Municipal Administration and Water Supply Department Govt. of Tamil Nadu, Fort. St. George, CHENNAI: 600 009.
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Shri Kanaras Kr. Jindal, IAS Secretary (UD) Urban Development Department, Local Self Government and Housing Chandigarh Administration, U.T.Secretariat, Sector 9 CHANDIGARH : 160 017.	Ms. Renu Sharma, IAS Principal Secretary (UD) Deptt. of Urban Development, Govt. of NCT of Delhi, Vikas Bhavan, B' Block, I.P. Estate, NEW DELHI : 110 002
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Sh. P. Jawahar, IAS Secretary (UD) Deptt. Of Urban Development, Local Self Government & Housing UT of Pondicherry Puducherry – 605001	