

मनीष ठाकुर

संयुक्त सचिव

Manish Thakur

Joint Secretary



सत्यमेव जयते

भारत सरकार
आवासन और शहरी कार्य मंत्रालय



GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



D.O. No. K-16012/02/2018-AMRUT-IIB

Dated: 20th June, 2019

Dear Sir / Madam,

As you are aware, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) has a reform agenda which includes Credit Rating of the Urban Local Bodies (ULBs) and floating Municipal Bonds. ULBs with Investment Grade Credit Rating (IGCR) can float Municipal Bonds to strengthen their financial capabilities. Credit rating work has so far been completed in 467 ULBs. Of this, 163 ULBs have IGCR i.e., BBB- and above including 36 ULBs with A- or above.

2. Municipal Bond market has great potential of augmenting the financial capacity of the ULBs, however, it has largely remained untapped. During the year 2018-19, eight ULBs issued the bonds and were incentivized with Rs. 181.33 crore by this Ministry. Requests have been received from the ULBs for providing financial incentive for issuing Municipal Bonds in the year 2019-20 also.

3. In view of above, the Ministry has decided to incentivize up to 12 ULBs during the financial year 2019-20 for issuing Municipal Bonds on 'first come, first serve' principle, based on the date of issue of Bonds. The incentive to each ULB will be limited to Rs. 26 crore @ Rs.13 crore per Rs.100 crore of Bonds issued. This will be met out of the funds allocated to reform incentive for the year 2019-20. The full incentive amount will be paid in one lump sum and will be credited to the escrow account of the concerned ULB.

4. Incentive would be awarded only after successful issue of Municipal Bonds by the ULB. 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.

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

With regards,

Yours sincerely,

Manish
20/6/19

(Manish Thakur)

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