

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 4560
TO BE ANSWERED ON MARCH 27, 2025**

**PROMOTION OF INFRASTRUCTURE BONDS TO FUND URBAN
INFRASTRUCTURE**

NO. 4560. SHRI SUKANTA KUMAR PANIGRAHI:

Will the Minister of HOUSING AND URBAN AFFAIRS be pleased to state:

- (a) the details of the measures taken/being taken by the Government to promote the issuance and utilization of infrastructure bonds to fund urban infrastructure projects;**
- (b) whether there are any specific schemes or policies in place to encourage private sector participation in funding urban infrastructure through these bonds and if so, the details thereof;**
- (c) the steps taken/being taken to ensure that the proceeds from infrastructure bonds are efficiently allocated to critical urban infrastructure projects, such as affordable housing, water supply, and transportation;**
- (d) whether the Government has considered for providing any tax incentives or other financial benefits to the investors of infrastructure bonds to make them more attractive and if so, the details thereof; and**
- (e) whether there are any specific success or challenges faced in the implementation of infrastructure bonds for urban infrastructure funding in the past and if so, the details thereof?**

**ANSWER
THE MINISTER OF STATE IN THE
MINISTRY OF HOUSING AND URBAN AFFAIRS
(SHRI TOKHAN SAHU)**

(a) to (e): Atal Mission for Rejuvenation and Urban Transformation (AMRUT), launched on 25 June 2015, has reform agenda in various categories including credit rating of the cities and floating municipal bonds. Credit rating work for 483 cities have been awarded and completed in 468 cities. Out of 468 cities, 162 have received Investible Grade Rating (IGR) i.e. rating B- and above, including 34 cities spread across 12 States/UTs with rating of A- and above.

AMRUT 2.0, launched on 01 October 2021, also aims at Credit rating of Tier-2 cities (population 50,000 to 99,999) and enhancing the credit worthiness of AMRUT Urban Local Bodies(ULBs). Incentive for issuance of municipal bonds has been continued under AMRUT 2.0.

Ministry of Housing & Urban Affairs has been providing incentive to ULBs for issuance of Municipal Bonds at the rate of ₹13 crore per ₹100 crore worth of bonds issued with maximum incentive of ₹26 crore per ULB. Second time eligibility is only for issuance of Green bonds at the rate of ₹10 crore incentive per ₹100 crore of bonds issued, restricted to a maximum incentive of ₹20 crore.

Generally, Municipal bonds are issued for Urban Infrastructure Projects. So far, ₹4,984 crore has been raised through issuance of Municipal Bonds & Green bonds for upgrading urban infrastructure by 13 ULBs namely, Ahmedabad (Municipal bond & Green Bond), Amravati, Bhopal, Ghaziabad (Green bond), Hyderabad, Indore (Municipal bond & Green Bond), Lucknow, Pimpri Chinchwad, Pune, Rajkot, Surat, Vadodara (Municipal bond & Green Bond) and Visakhapatnam and incentive, ₹331.83 crore has been released. The City/ULB wise details of Municipal Bonds raised and incentive released are at ANNEXURE.

Under AMRUT 2.0, Projects for 10% of allocation to million plus cities will be mandatorily implemented in Public Private Partnership (PPP) mode. 22 PPP projects costing ₹6,816.64 crore have been approved so far in the million plus cities.

To give further boost to the urban infrastructure sector, in the Budget 2025-26, Government has announced setting up of an Urban Challenge Fund of ₹1 lakh crore for augmentation/ upgradation/ retrofitting and improving infrastructure in urban areas through bankable projects. This fund will finance up to 25 per cent of the cost of bankable projects with a stipulation that at least 50 per cent of the cost is funded from bonds, bank loans, and Public Private Partnership (PPP). Financial management and Credit rating of many ULBs needs to improve to access the market finance.

ANNEXURE REFERRED TO IN REPLY TO PART (a) to (e) OF UNSTARRED QUESTION NO. 4560 REGARDING “PROMOTION OF INFRASTRUCTURE BONDS TO FUND URBAN INFRASTRUCTURE”, DUE FOR ANSWER IN THE LOK SABHA ON 27MARCH, 2025.

STATUS OF MUNICIPAL BONDS ISSUED BY AMRUT CITIES

S. No.	Name of ULB	Credit Rating	Amount Raised (In Cr.)	Incentive Issued (In Cr.)
1	Amaravati	AA-	2,000	26
2	Gr Vizag	AA	80	10.4
3	Ahmedabad	AA+	200	26
4	Surat	AA+	200	26
5	Vadodara	AA+	100	13
6	Bhopal	AA	175	22.75
7	Indore	AA+	140	18.18
8	Pune	AA+	200	26
9	Gr Hyderabad	AA	495	26
10	Lucknow	AA	200	26
11	Ghaziabad (Green bond)	AA	150	19.5
12	Indore (Green bond)	AA+	244	20
13	Pimpri Chinchwad	AA+	400	26
14	Ahmedabad (Green bond)	AA+	200	20
15	Vadodara (Green bond)	AA+	100	13
16	Rajkot	AA	100	13
	Total		4,984	331.83