MACRO SCAN

April - June, 2018

Prepared by
Economic Policy & Analysis Cell
Housing and Urban Development Corporation Limited
(HUDCO)
1. GLOBAL SCENARIO

1.1. Global Growth Outlook

As per the July 2018 ‘World Economic Outlook’ published by the International Monetary Fund (IMF), global growth is projected to reach 3.9 percent in 2018 and 2019, in line with the forecast of the April 2018 ‘World Economic Outlook (WEO)’, but the expansion is becoming less even, and risks to the outlook are mounting. The rate of expansion appears to have peaked in some major economies. In the United States, near-term momentum is strengthening in line with the April WEO forecast. Growth projections have been revised downward for the Euro area, Japan and the United Kingdom. The recently announced tariff increases by the United States and retaliatory measures by trading partners have increased the risks to growth outlook.

Chart-1: GDP Growth (%)

Note: GDP for India on Fiscal Year basis
Source: IMF, World Economic Outlook, July 2018.

2. DOMESTIC ECONOMY

2.1 Growth Performances

As per the provisional estimates for Gross Domestic Product (GDP) growth of 2017-18 released by Central Statistics Office (CSO), the Indian economy registered a GDP growth of 6.7% in FY 2017-18. In real terms, the GDP growth fell for the second consecutive year after recording a growth of 8.2% in FY 2015-16 and 7.1% in FY 2016-17. The disaggregated data shows that the deceleration in growth was on account of lower performance of agriculture, manufacturing, mining and quarrying sectors compared to the previous fiscal. On a quarterly basis, the GDP for Q4 FY 2017-18 accelerated to 7.7% compared to 7% growth in Q3 FY 2017-18 and 6.1% growth recorded in the same period previous fiscal (Q4 2016-17).

The industrial output as measured by the Index of Industrial Production (IIP) grew by 4.3% during the FY2017-18 compared to 4.6% growth during FY2016-17. IIP growth for April 2018 recorded at 4.9% compared to 4.4% in March 2018 indicating some acceleration from the previous month. Production of eight core infrastructure industries (coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, electricity) that comprise 40.27% of the weight of items included in the Index of Industrial Production (IIP), grew by 4.3% in FY 17-18 compared to 4.8% in FY 16-17. During the period April-May 2018-19, the production of eight core industries grew by 3.3%, compared to the growth of 4.1% in corresponding period of previous year.
2.2. Inflation

The Consumer Price Index (CPI) based inflation or the retail inflation, rose to 5% in June 2018 from 4.87% in May 2018 and 4.58% in April 2018. There has been a broad based increase across all the key components of the CPI index and core inflation has risen to 47 month high to 6.4% during the month of June 2018. The Wholesale Price Index (WPI) based inflation for the month of June’18 increased to a near 3 year high of 5.77% (prov.) as against 4.43% in May’18. There has been a broad based increase in price levels across all the major segments of the WPI. The recent increase in inflation rates is due to increase in oil and food prices. Going forward, the inflation trend would largely remain dependent on the progress and spread of the monsoons and movement in the global oil prices.

2.3 Monetary Policy Stance

The Reserve Bank of India (RBI), at its meeting held on 6th June 2018, decided to increase the policy repo rate by 25 basis points to 6.25% on the basis of an assessment of the current and evolving macroeconomic situation. Consequently, the reverse repo rate stood at 6%. In the Monetary Policy Statement, RBI has revised the retail inflation projections for first half (H1) FY19 to 4.8-4.9% from the earlier projections of 4.7-5.1% with upside risks. For second half (H2) FY19, the expectations for retail inflation have been
revised upwards to 4.7% from the earlier estimate of 4.4% as per its April’18 policy statement. The inflation estimates have been revised upwards while the upside risk to the inflation path continues due to uncertainty in global financial markets, increasing global oil and commodity prices, persistent pick up in CPI inflation excluding food and fuel and rise in households’ inflationary expectations. In the policy statement, GDP growth projection for FY19 has been retained at 7.4%. The economic growth for H1 FY19 is expected to be in the range of 7.5-7.6% while that for H2 FY19 will be around 7.3-7.4%.

Chart-4: Movement in Repo rate (%)

2.4 Foreign trade
Merchandise exports and imports during May 2018 increased by 20.2 per cent and 14.9 per cent respectively in US$ terms. During May 2018, oil imports increased by 49.5 per cent and non-oil imports increased by 6 per cent on Y-o-Y basis. During April-May 2018-19, the value of merchandise exports and imports increased by 12.6 per cent and 9.7 per cent respectively in US$ terms. India’s Current Account Deficit (CAD) was US$ 13.0 billion (1.9 per cent of GDP) in the fourth quarter (January –March) of 2017-18, as compared to US$ 2.6 billion (0.4 per cent of GDP) in the corresponding quarter of 2016-17. Foreign exchange reserves stood at US$ 412.8 billion as on 25th May 2018, as compared to US$ 424.5 billion at end-March 2018.

2.5 Public Finance
As per the Provisional Actuals for 2017-18, the fiscal deficit of the Central Government as percentage of GDP is 3.5 per cent, as against the corresponding budget estimate of 3.2 per cent. Gross Tax Revenue (GTR) for the year 2017-18 was at Rs. 19,19,182 crore, recording a growth of 11.9 per cent over 2016-17. Revenue Receipts (net to Centre) increased by 4.3 per cent (Rs.14,35,185 crore) in 2017-18 over 2016-17. Revenue expenditure in 2017-18 increased by 11 per cent and Capital expenditure in 2017-18 declined by 7.9 per cent.

2.6 Selected Infrastructure Indicators
- The total installed capacity for electricity generation was 3,43,898 MW at the end of May 2018, of which the share of thermal, hydro, renewable and nuclear sources was 64.8 per cent, 13.2 per cent, 20.1 per cent and 2.0 per cent respectively. As per the Central Electricity Authority, electricity generation grew by 3.1 per cent in May 2018.
- The traffic handled at major ports grew by 2.4 per cent to 116.3 million tonnes in April-May 2018-19, from 113.5 million tonnes in the corresponding period of previous year.
The overall tele-density in India declined from 92.8 per hundred individuals at end of March 2018 to 88.3 at end April 2018; the urban tele-density was 156.5 and rural tele-density was 56.7 at end April 2018.

2.7 Credit Flows

The RBI data on sectoral deployment of bank credit depicts the variation in outstanding credit of banks to various sectors of the economy or deployment of gross bank credit by major sectors and is indicative of credit offtake to the various sectors. As per the data available for FY 2017-18 and FY 2016-17 the following facts are revealed:

- Gross bank credit (GBC) increased by 8.2% in FY 2017-18 compared to an increase of 7.3% in FY 2016-17. Non-food bank credit (NFC) increased by 8.4% in both the fiscals.
- Credit to agriculture and allied activities increased by 3.8% in FY 2017-18 compared to an increase of 12.4% in FY 2016-17.
- Credit to industry increased by 0.7% in FY 2017-18 compared to a decrease of 1.9% in FY 2016-17.
- Credit to the services sector increased by 13.8% in FY 2017-18 compared to an increase of 16.9% in FY 2016-17.

Chart-5: Variation in outstanding bank credit during FY 2017-18 & FY 2016-17 – Broad sectors

It is seen from above that overall outstanding credit growth rate has accelerated, as reflected by the GBC and NFC growth, during FY 2018. Credit growth to Industry as a whole has improved marginally in FY 2017-18 from FY 2016-17. Further, the data related to sectoral deployment of bank credit to the sub-sectors like housing, construction and infrastructure sectors reveal the following facts:

- Outstanding credit of retail housing sector including priority sector (Housing) increased by 13.3% in FY 2017-18 compared to an increase of 15.2% in FY 2016-17.
- Outstanding credit of priority sector housing increased by 2% in FY 2017-18 compared to an increase of 7.6% in FY 2016-17.
- Outstanding credit of Infrastructure (power, telecom, roads & other infrastructure) decreased by 1.7% in FY 2017-18 compared to an decrease of 6.1% in FY 2016-17.
- Outstanding credit of construction sector increased by 9.5% in FY 2017-18 compared to an increase of 10.3% in FY 2016-17.
The above data on subsectors reveal that in FY 2017-18, outstanding credit growth to retail housing sector declined marginally to 13.3% from 15.2% in FY 2016-17. The credit growth of construction sector too has slowed down marginally in FY 2017-18 compared to FY 2016-17. Infrastructure sector recorded negative growth in credit during FY 2017-18 although the situation was better compared to FY 2016-17.

In the current FY, the sectoral deployment data is available upto May 2018. The data showed that so far credit growth remains negative on the whole and across the sectors upto May 2018. Amongst the sub-sectors however, the retail housing sector recorded positive growth in outstanding credit rate at 1.8% upto May 2018.

3. HOUSING & REAL ESTATE

3.1 New Housing launches up by 50% in Q2 (April-June) of 2018

According to a report by Anarock Property Consultants, there has been a whopping 50% jump in overall new housing launches in Q2, 2018 over the preceding quarter, with the maximum supply in the affordable segment (< Rs. 40 lakh). Interestingly, the affordable housing supply increased by 100% in Q2 2018 over Q1 2018, and this supply has led the overall growth. On the sales front too, housing sales across the top 7 cities of India (NCR, MMR, Chennai, Bengaluru, Pune, Kolkata and Hyderabad), rose by 24% compared to Q1 2018, indicating that abstaining home buyers are back on the market. Developers are working hard on clearing unsold inventory with attractive schemes, freebies and discounts. Moreover, the positive impact of the policy reforms including RERA and GST have begun to bear fruit. The major cities contributing to new unit additions in Q2 2018, include Mumbai Metropolitan Region (MMR), National Capital Region (NCR), Bengaluru and Pune, altogether accounting for 75% of the new supply.

3.2 Affordable housing market gaining momentum

As per Colliers Research, absorption of affordable housing projects should further gain momentum over 2018 due to the impact of earlier announced policies by the government such as ‘infrastructure’ status to the segment, establishment of Affordable Housing Fund (AHF) and reduced GST to 8% from 12% for under-construction, affordable and low-cost housing to ensure Housing for all by 2022.
According to data from the National Housing Bank (NHB), there are about 91 housing finance companies (HFCs) operating in India currently. Within the past two to three years, close to 15-20 companies have come up with a focus on lending to the informal sector, where borrowers typically don’t possess the requisite documents to avail of loans from banks or bigger financial institutions.

On the developer’s side of the market, some of the prominent firms now catering to the low-income group housing needs are Micro Housing Finance Corporation (MHFC), India Shelter, Shubham, Aptus, Aspire etc.

The affordable housing segment has got a further boost in the first quarter of 2018 (April - June, 2018) with the following measures announced:

1. **Convergence of the Priority Sector Lending (PSL) guidelines for housing loans with the PMAY guidelines**

   In its first bi-monthly Monetary Policy Statement released on 5th April, 2018, the RBI revised its PSL guidelines for housing loans to be in convergence with the Pradhan Mantri Awas Yojana (PMAY). Further, in its second bi-monthly Monetary Policy held on 4th June, 2018, RBI, raised the housing loan limits for eligibility under PSL to Rs. 35 lakh from Rs. 28 lakh in metropolitan centres and to Rs. 25 lakh from Rs. 20 lakh in other centres. This will be subject to the condition that the overall cost of the dwelling unit does not exceed Rs. 45 lakh in metropolitan centres and Rs. 30 lakh in other locations. Metropolitan centres are defined as those with a population of 10 lakh or more.

   To bring about further synchronisation between PSL and PMAY guidelines, RBI revised the existing family income limit of Rs. 2 lakh per annum, prescribed under Para 10.4 of the Master Direction on Priority Sector Lending, for loans to housing projects exclusively for the purpose of construction of houses for Economically Weaker Sections (EWS) and Low Income Groups (LIG), to Rs. 3 lakh per annum for EWS and Rs. 6 lakh per annum for LIG, in alignment with the income criteria specified under the Pradhan Mantri Awas Yojana.

2. **Carpet Area of houses eligible for subsidy under CLSS for Middle Income Group (MIG) increased**

   The Government of India has approved the revision of the carpet area of houses eligible for interest subsidy under the Credit Linked Subsidy Scheme (CLSS) for the Middle-Income Group (MIG) under Pradhan Mantri Awas Yojana (Urban) in respect of MIG-I from “up to 120 square metre” to “up to 160 square metre” and, in respect of MIG-II from “up to 150 square metre” to “up to 200 square metre”. These enhancements will enable more MIG customers to qualify for subsidy and avail the benefits provided and also boost the construction sector that contributes to increased activity on the supply side.

3. **Government to use sick PSUs land parcels for affordable housing**

   The Union Cabinet, on June 6, 2018, approved the revised guidelines for time-bound closure of sick and loss making central public sector enterprises and the disposal of their movable and immovable assets. The guidelines accord first priority to utilisation of land of Central Public Sector Enterprises (CPSEs) under closure for affordable housing as per the relevant guidelines of the Ministry of Housing and Urban Affairs.
3.3 President of India approves promulgation of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018: relief to home buyers

The President of India, on June 6, 2018, gave assent to promulgate the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018. The Ordinance provides significant relief to home buyers by recognizing their status as financial creditors. This would give them due representation in the Committee of Creditors and make them an integral part of the decision-making process. It will also enable home buyers to invoke Section 7 of the Insolvency and Bankruptcy Code (IBC), 2016 against errant developers.

3.4 PMAY (Urban)- Status

As per the government figures, more than 51 lakh dwelling units were sanctioned as on 25th June 2018 under the Pradhan Mantri Awas Yojana (Urban) against the estimated demand of 1 crore in last 3 years of implementation. Out of over 51 lakh sanctioned houses, more than 28 lakhs have already been grounded and are in various stages of construction. Further, over 8 lakh houses have already been completed with 100% occupancy. The government has now proposed a global housing construction technology challenge to support building cost-effective affordable homes. The Global Housing Construction Technology Challenge (GHTC-I) may help in adopting these technologies to suit our local conditions and requirements and may lead to a fast transition to new global construction technologies in India giving a fillip to building affordable houses in India in a cost-effective and sustainable manner.

3.5 Rising NPAs in lower home loan slabs

The RBI, in its June 2018 Monetary Policy said that “after a careful analysis of the housing loans data, it has been observed that the level of NPAs (non-performing assets) for ticket size of up to Rs 2 lakh (Rs 200,000) has been high and is rising briskly. While some of the bigger names in micro housing loans might not have seen a steep rise in NPAs, according to data from the RBI, the rise in NPAs in housing loans below Rs 200,000 (Rs 2 lakh) in 2016-17 was solely on account of HFCs. Overall, NPAs in home loans below Rs 200,000 (Rs 2 lakh) increased from 9.8 per cent to 10.4 per cent between 2015-16 and 2016-17 - only a marginal rise. NPAs for HFCs rose from 6.1 per cent to 8.6 per cent, while that for public sector banks (PSBs) fell from 12 per cent to 11.9 per cent in the time period. Keeping in mind these developments, RBI has stated that the borrowings may still be subject to the eligibility and other conditions. Banks need to strengthen their screening and follow up in respect of lending to this segment in particular. The Reserve Bank is closely monitoring this sector and will consider appropriate policy response such as a tightening of the Loan-To-Value (LTV) ratios and/or an increase in the risk weights, should the need arise. billion-USD 50 billion.

3.6 India moves up a spot to 35th on real estate transparency index

India has moved up just one spot in the global real estate transparency index from 36 in 2016 to 35 in 2018 post the implementation of the Real Estate (Regulation And Development) Act or RERA, according to a report by real estate advisory firm Jones Lang LaSalle Inc. (JLL). The report, said that India is one of the 10 countries that have registered maximum improvement in transparency in real estate over the last two years. Since 2014, India has moved up by five spots from 40th in the global real estate transparency index.
3.7 Efforts taken by Government to allot low-cost houses lying vacant across the country

There are 1.64 lakh government-constructed houses lying vacant across India and Delhi tops the list of states in the country with most number of low-cost houses lying vacant. The vacant low-cost houses were constructed under different urban housing schemes sanctioned under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Rajiv Awas Yojana (RAY). These low-cost houses are vacant because in many cases they were planned in locations far away from residential colonies or business centres, which are means of livelihood for people. The Government has been pushing the state governments to allot these vacant houses. Since they have been lying locked for years, new problems are coming up. In some cases, there are small issues like repair work or missing fitments for which state governments are being pursued to put in money and make them functional and finally allot them to the end users.

4. URBAN INFRASTRUCTURE

44.1 Urban population projections till 2050

According to the Report “World Urbanisation Prospects – The 2018 Revision”, brought out by the Population Division of the United Nations Department of Economic and Social Affairs (UN DESA), the world’s urban population has increased from 30% in 1950 to 55% in the year 2018 and it is expected that by 2050, around 68% of the total population would be living in urban areas. It is noted that future increases in the size of the world’s urban population are expected to be highly concentrated in just a few countries. Together, India, China and Nigeria will account for 35% of the projected growth of the world’s urban population between 2018 and 2050. By 2050, it is projected that India will have added 416 million urban dwellers, China 255 million and Nigeria 189 million.

Chart – 7: Urban Population projections for India-2050

The urban population of the world has grown rapidly from 751 million in 1950 to 4.2 billion in 2018. Asia, despite its relatively lower level of urbanization, is home to 54% of the world’s urban population, followed by Europe and Africa with 13% each. Today in 2018, the most urbanized regions include Northern America (with 82% of its population living in urban areas in 2018), Latin America and the Caribbean (81%), Europe (74%) and Oceania (68%). The level of urbanization in Asia is now approximating 50%. In contrast, Africa remains mostly rural, with 43% of its population living in urban areas.
Amongst the cities, Tokyo is the world’s largest city with an agglomeration of 37 million inhabitants, followed by New Delhi with 29 million, Shanghai with 26 million, and Mexico City and São Paulo, each with around 22 million inhabitants. By 2020, while Tokyo’s population is projected to begin to decline, Delhi is projected to continue growing and to become the most populous city in the world around 2028.

4.2 New urbanisation policy being formulated by the Government of India

It is a widely accepted phenomenon that rapid urbanization gives rise to higher economic growth, but at the same time, it poses serious challenges in terms of managing the urban growth in a planned manner in order to maximise the benefits of urbanisation. As India is urbanising rapidly, and by 2050, as more than half of India is going to be living in urban areas, need for a new urban policy is almost inevitable. Hence, the Ministry of Housing and Urban Affairs has recently formed a committee to draft India’s National Urban Policy. The move is in accordance with the requirements of the New Urban Agenda of UN Habitat, signed by 193 countries in Quito in October 2016. This policy initiative is coming up a quarter of a century after two landmark events: the economic liberalisation of 1991; and political decentralisation of 1992, defining new institutional arrangements of urban governance through the 74th Constitution Amendment Act. Framing of the National Urban Policy thus offers a unique opportunity to reflect on how urbanisation had been unfolding in the post-liberalisation era, recalibrate the bearings and steer our urban transformation in a more efficient direction.

The new policy comes up exactly three decades after the National Commission on Urbanisation, headed by planner Charles Correa, came up with a roadmap on tackling growth in small and mid-sized cities. The National Urban Policy Framework 2018 has drafted the key ideas termed as ‘urban sutras’ and it states that cities should be built around clusters of “human capital” instead of treating them like mere agglomerations of land use – residential, commercial and industrial – as being done currently under master plans of various cities.

4.3 Cabinet approves MoU between India and Singapore for cooperation in urban planning

The Union Cabinet has given its nod to a Memorandum of Understanding (MoU) between India and Singapore for cooperation in urban planning and development. The agreement will facilitate government agencies to tap into expertise offered by Singaporean agencies in urban development and management. The objective of the MoU, which was signed in May 2018, is to facilitate government bodies such as municipal corporations to help in rejuvenation of urban areas. Under the MoU, capacity building programmes in the field of planning, focusing on areas of urban planning, water and waste water management, solid waste management, intelligent transport system and public financing (public private partnerships) would be undertaken. The MoU would also disseminate knowledge of best practices, build capacities and hand hold various government agencies on intelligent transport systems and public financing.
4.4 Smart City Mission - Status

According to a press release dated 17th May, 2018, under the Smart City Mission, around 1,333 projects worth Rs. 50,626 crores have been completed or under implementation / tendering. Overall projects worth Rs. 2,03,979 crores have been identified for all 99 smart cities across the country. Out of 99 Smart cities which have been selected so far, 91 of them have already incorporated SPVs (Special Purpose Vehicles). Nine Smart Cities viz. Ahmedabad, Rajkot, Vadodara, Visakhapatnam, Bhopal, Pune, Kakinada, Surat & Nagpur have already established Integrated City Command and Control Centres (ICCC).

Smart Road projects have been completed in 4 cities worth Rs. 228 crores and are under implementation/tendering stage in 40 cities worth Rs. 5,123 crores. Smart Solar projects in 6 cities have been completed, while projects in 49 cities are under implementation/tendering. Smart Water projects have been completed in 6 cities while projects are under implementation/tendering in 43 cities. Similarly, Smart Waste Water projects in 46 cities have been completed/under implementation/tendering. Public Private Partnership projects worth Rs. 734 crores have been completed in 13 cities while projects worth Rs. 7,753 crores are under implementation/tendering in 52 cities. Apart from this, other impactful projects like heritage conservation, water front development, public space development etc. have been completed in 13 cities worth Rs. 107 crores and projects worth Rs. 5,865 crores are under implementation/tendering.

4.5 Tech giants showing interest in setting up smart city centres

Global technology giants, including Cisco, IBM, and Bosch, are showing keen interest to participate in setting up of smart city centres or integrated command and control system under the Centre’s flagship programme Smart City Mission. HP and Siemens are working to set up such a centre in Bhopal, while Bosch, Cisco, Efkon and Rolta are participating in the development of a ‘smart’ centre in Varanasi. Honeywell’s expertise would be used for Bhubaneshwar, while Schneider, Cisco and HP would help in setting up of such a centre in Naya Raipur. Leading Indian firms, including Larsen and Toubro, Shapoorji Pallonji Group, Bharat Electronics Ltd., Tech Mahindra are also participating with global technology giants to set up Smart City Centres which are key to the mission.

4.6 Big push for infrastructure projects: Asian Infrastructure Investment Bank to fund $1.2 billion worth Indian projects

Beijing-based Asian Infrastructure Investment Bank (AIIB), set up with the purpose of financing infrastructure, has approved six projects worth $1.2 billion in loans to India for infrastructure related projects and additional $1.9 billion is under review. India is the second largest shareholder at the Asian Infrastructure Investment Bank (AIIB). The projects to which the $1.2 billion have been committed include a rural connectivity project in MP, Bengaluru Metro, power transmission in Tamil Nadu, rural roads in Gujarat, the power-for-all project in Andhra and a $150 million investment in an infrastructure fund floated by Morgan Stanley. AIIB will pump in $1.9 billion into various Indian projects. The project pipeline includes an investment of $200 million in the National Investment and Infrastructure Fund (NIIF), $500 million in the Mumbai Metro, major irrigation and flood management projects in Bengal, making of Andhra’s new capital city Amravathi, and two more projects in Andhra focused on rural roads and urban water supply.
**AIIB**

**What is it;** Multilateral development bank initiated by China.

**Established:** December 2015

**Mission:** Improve social-economic outcomes in Asia and beyond.

**Vision:** Asia’s response to west-dominated Asia Development Bank (ADB) AND World Bank (WB).

**Headquarters:** Beijing, China

**Purpose:** Provide Finance to infrastructure development and regional connectivity projects in Asia-Pacific region.

**Goals:** Boost economic development in Asia-Pacific region, provide infrastructure, and promote regional cooperation and partnership.

**Priorities:** Investments in energy, power generation, transport, rural infrastructure, environment protection and logistics in Asia.

**Members:** 86 Members including India, Canada, Germany, UK, Australia, South Korea etc.

**Authorised Capital:** US $100 Billion

**Shareholders:** Largest shareholder China with 26.06% voting share

**Opened for Business:** January 2016

**News from AIIB**

- AIIB investment to attract private capital, Help Indian infrastructure development (USD 100 Million).
- AIIB and new development bank sign MOU to promote cooperation with NDB.
- AIIB President Jin Liqun visits India to discuss the power of shared experiences across developing countries.
- AIIB welcomes Hong Kong contribution of USD 10 Million to help Low-Income countries in Asia.
- AIIB approves $250 Million to modernize, rehabilitate irrigation in Indonesia.
4.7 Government looks to sell viable infrastructure projects

The government is looking to sell successfully running public sector infrastructure projects such as power and steel plants to private companies in a bid to boost green-field investment and create fresh capacity. A proposal is being worked out to monetise commercially viable assets operated and held by state-owned companies such as NTPC and Steel Authority of India Ltd. The Department of Investment and Public Asset Management and NITI Aayog are expected to identify such projects, assess their valuation and decide on a mechanism to sell them.

4.8 Meghalaya to launch Rs.35 crore water supply scheme

Meghalaya has announced a new water supply scheme for Tura town of West Garo Hills. The project envisages laying of the new primary feeder main under Tura Phase I and II water supply scheme. The project is estimated to cost around Rs. 35 crore and is being funded by the North East Special Infrastructure Development Scheme (NESIDS) of Ministry of Development of North Eastern Region (DoNER).

4.9 Five new highways planned to cut down travel time

The Highways Ministry has identified at least five greenfield road networks connecting major industrial and manufacturing hubs, which will reduce the existing distance on these stretches up to 200 km. Last month, the government announced starting work on another greenfield expressway connecting Gurgaon with Mumbai cutting the distance by almost 200 km. The new routes that have been identified include Bhatinda-Kandla, Bhatinda-Ajmer, Raipur-Vishakhapatnam, Chennai-Salem and Ambala-Katputli. Two more stretches have also been identified to improve connectivity between important cities. These are Durg-Aurang in Chhattisgarh and Mangalore-Chitradurga in Karnataka.

4.10 Indore Municipal Corporation to start issuing municipal bond

Following the footsteps of urban bodies like Hyderabad and Pune, Indore Municipal Corporation (IMC) is now all set to raise money through bonds. They aim to raise Rs 170 cr by issuing municipal bonds and this sum will be spent in execution of projects proposed under Atal Mission for Rejuvenation and Urban Transformation (AMRUT). IMC has AA credit rating and these bonds will be released under Municipal Bond Scheme.

4.11 Over 140 cities have potential to raise municipal bonds

According to a report titled “Municipal Finance: Funding Urban Development in India” by JLL India (April,2018), more than 140 Indian cities can raise development capital through the issuance of municipal bonds. The report also indicates that the other revenue sources for urban centres are user charges for specific services, taxes and non-tax revenues, grants, loans and other receipts. The report estimates that as much as Rs. 25 crore can be raised annually through advertising fees by municipal bodies of metropolitan cities of India.
5. MAJOR HUDCO SANCTIONED PROJECTS

5.1 Construction of 1,36,000 Houses for EWS (Rural) beneficiaries in 941 Grama Panchayats under State Government Programme, LIFE in Kerala

The Govt. of Kerala has announced a comprehensive housing scheme LIFE - “Livelihood, Inclusion, Financial Empowerment,” mission for addressing the housing needs of the homeless in Kerala within the next 4 years, in line with the “Housing for All” Mission. In the rural area, Government of Kerala aims to cater the requirement by providing grant for construction of 1,36,000 houses for the economically weaker sections residing across all 14 districts covering 941 Grama Panchayats in the State of Kerala. The unit cost is Rs 4 lakhs, which is proposed to be met exclusively by the State Government. The project cost is Rs.5708.80 crore and HUDCO has sanctioned Rs.3000 crore for meeting part of the grant amount. The borrowing agency is Kerala State Urban & Rural Development Finance Corporation Ltd (KURDFC) and the project will be implemented through “LIFE Mission” in association with the concerned Grama Panchayats.

5.2 PMAY-(U) Beneficiary Led Construction (BLC) of 50,000 Houses for EWS in all 14 districts covering all 93 ULBs in the State of Kerala by KURDFC

The project is a part of PMAY (U) – Beneficiary Led Construction (BLC) component of Government of India programme. It envisages construction of 50,000 Houses for EWS (Urban) beneficiaries belonging to SC/ ST/ OBC / PH category in all 14 districts covering 93 ULBs across the state of Kerala with a project cost of Rs.2066.38 crore. HUDCO loan of Rs.1000 crore has been sanctioned to Kerala State Urban & Rural Development Finance Corporation Ltd. (KURDFC). The project has been sanctioned by Government of India and part government of India grant has already been released to the state government for the construction of housing units. The project will be implemented by ULBs and Local Self Government Department, Government of Kerala. The construction will be carried out by beneficiaries themselves under the supervision of ULBs as per the PMAY programme. A typical housing unit consists of a sit-out/verandah, multi-purpose hall, bedroom, kitchen and bathroom & toilet. A minimum built up area of each unit is 30 Sqm with a cost of Rs.4.00 lakh.

5.3 Development of residential area and infrastructure works in Hanumangarh, Rajasthan

In Hanumangarh, Rajasthan, city roads and drains are in a bad condition and hence they need to be strengthened. Also, to address the residential requirement of the city, it has been proposed to develop residential colony on a land available with Municipal Council near Shiv Mandir Cinema. In the proposal submitted to HUDCO, the Municipal Council, Hanumangarh, envisages undertaking development works for a residential scheme, construction of foot over bridge and various city roads / drains etc. in the jurisdiction of Municipal Council, Hanumangarh. The works will be executed through open tender process as per norms. Project cost is Rs.51.90 crore for which HUDCO has sanctioned a loan amount of Rs.40 crore. The Borrowing Agency is Municipal Council, Hanumangarh.