

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:2686
ANSWERED ON:04.12.2009
ACCESS TO CAPITAL MARKET
Gandhi Shri Feroze Varun

Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether the Union Government permits the State Governments/Local bodies an access to the capital market to finance urban infrastructure; and

(b) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI SAUGATA ROY)

(a) & (b) : In view of the fact that there is a significant resource gap in meeting the requirements of urban infrastructure, State Governments / Urban Local Bodies (ULBs) are encouraged to access the capital markets for mobilisation of resources. The Ministry of Urban Development has two schemes to facilitate municipal borrowing; the Tax Free Municipal Bond Scheme and the Pooled Finance Development Fund Scheme. In addition, credit rating of cities to facilitate access to capital markets has been carried out for identified cities under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and the Capacity Building Scheme for Decentralised Urban Governance. The Government has also been supporting efforts to address demand side and supply side constraints through urban sector reforms like recovery of user charges, adoption of double entry accrual based accounting, property tax, and administrative reforms which help to improve the financial status of urban local bodies, necessary for assessing capital market.