

Ghaziabad civic body bond over-subscribed by 4 times

TNN | Mar 31, 2021, 08.00 PM IST

LUCKNOW: The Ghaziabad municipal corporation became the second municipal corporation in the state after Lucknow to raise funds through listed bonds. On Wednesday, it concluded its municipal bond issue and raised Rs 150 crore for the construction of a tertiary sewage treatment plant. The green bond, termed so as it is meant for an environmentally sustainable project or waste water reuse, was over-subscribed by four times with 40 bids worth Rs 401 crore.

Rajneesh Dubey, additional chief secretary (urban development), said that the base issue was for Rs 100 crore with a green issue option of Rs 50 crore at a coupon rate of 8.10%. “This can be termed as a highly competitive rate in the history of municipal bonds in India. The issue was oversubscribed by more than four times which demonstrates the confidence of the market in the municipal bonds segment and is a resounding validation of good governance in the state of Uttar Pradesh,” he said.

The issue was reportedly subscribed within the first minute of opening. The tertiary sewage treatment plant will be set up in Ghaziabad’s Indirapuram for use in the Sahibabad Industrial Area. The total cost of the project is Rs 240 crore and it will be partly funded by the green municipal bonds. An official said that the detailed project report has been readied and the treated waste water will be purchased by local industrialists which would reduce their dependence on groundwater. The project is slated to be completed within 27 to 30 months.

The Rs 200 crore Lucknow Municipal Corporation bond, when it was launched on November 13, 2020, was oversubscribed by 4.5 times and closed at 8.5% coupon rate for 10 years. Lucknow became the ninth city in the country to raise funds through municipal bonds. The funds raised will be used for various infrastructure schemes like water supply and housing which are being implemented under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Scheme.

Some states like Gujarat have been generating funds through bonds since the past few years.

To be able to list on the BSE, a corporation requires a minimum of an AA rating, to be given by at least two independent agencies. So far only the Lucknow and Ghaziabad corporations have qualified for the AA rating. The government will also be pushing for bonds to be similarly floated by the municipal corporations of Agra, Kanpur and Varanasi.