

Ghaziabad Municipal Corp lists first green bonds

Reuters



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Synopsis

Ghaziabad Municipal Corporation, a civic body in Uttar Pradesh, has raised Rs 150 crore through the issuance of green bonds and the proceeds will be utilised for the tertiary water treatment plant to benefit industries in Ghaziabad.

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NEW DELHI: The country's first green bonds, issued by Ghaziabad Municipal Corporation, were listed on BSE on Thursday.

Ghaziabad Municipal Corporation, a civic body in Uttar Pradesh, has raised Rs 150 crore through the issuance of green bonds and the proceeds will be utilised for the tertiary water treatment plant to benefit industries in Ghaziabad. The corporation also received Rs 19.5 crore incentive from the Union government for raising funds through municipal bonds. The bonds got oversubscribed with bids worth over Rs 401 crore, according to the corporation.

"The capital raised will not only enforce financial discipline but also paves way for the corporation for bigger fundraising, if needed, in the future. We saw the interest of at least 40 bids attracting a total subscription of Rs 401 crore. This had come within minutes on the bid date and that too with a very competitive coupon rate of 8.10 per cent, which is one of lowest in municipal bonds in India," Mahender Singh Tawar, Municipal Commissioner of GMC, said.

He noted that this is also the first-ever green bond issued by any municipal corporation in the country. On the occasion of the listing of the bonds, BSE Managing Director and CEO Ashishkumar Chauhan said as many as Rs 18.53 lakh crore has been raised on the exchange through debt and equity even during the coronavirus period. He said the markets in India are becoming much larger and the stock exchange will facilitate other such corporations in the country to raise capital and get listed as well. "It is pleasing to note that Ghaziabad has become the first municipal corporation in India to issue a green bond for an environmentally sustainable project for wastewater reuse at the most competitive coupon rate of 8.1 per cent with over-subscription on BSE's platform. "It demonstrates the confidence of investors. I have also being told that even the foreign institutional investors are now looking at this platform and funding of Indian municipalities with eagerness," Chauhan said.

Union Minister of State for Road Transportation and Highways V K Singh said tapping the bonds market to raise funds by the municipal bodies will change the way of their functioning and that will lead to a complete transformation in terms of governance. Singh is a MP from Ghaziabad.

The merchant bankers to the bond issue were A K Capital Services Ltd and HDFC Bank Ltd. The Ghaziabad Municipal Corporation (GMC) has entered into an understanding with Sahibabad Industries Association for the purpose of achieving various goals and objectives relating to the water supply. The capital raised is proposed to partially fund the tertiary sewage and water treatment plant, which is estimated to cost approximately Rs 239.93 crore.