



GOVERNMENT OF KERALA

Abstract

Local Self Government Department – LIFE Mission-HUDCO Loan of Rs. 1500 Crore for Urban and Rural sectors through KURDFC- Availing loan for an amount of Rs. 51.66 Crore (Urban sector) - Sanction accorded- Modified- Orders issued.

DEPARTMENT

G.O.(Ms)No.62/2022/LSGD Dated,Thiruvananthapuram, 19-03-2022

- Read 1 G.O. (Ms.) No.53/2021/LSGD dated 18/02/2021.
2 G.O. (Ms.) No.302/2021/LSGD dated 17/12/2021.
3 Minutes of the meeting held by Hon'ble Minister, LSGD on 04/02/2022.
4 Letter No. LM. 1946/2019/LIFE dated 22/02/2022 from the Chief Executive Officer, LIFE Mission.
5 Letters No. KURDFC/A2/727/2021 dated 23/02/2022 and 11/03/2022 from the Managing Director, KURDFC.
6 G.O. (Ms.) No. 49/2022/LSGD dated 9/03/2022.

ORDER

As per Government order read as 1st paper above, sanction was accorded for availing loan for an amount of Rs.1500 crore from HUDCO for providing houses to the eligible beneficiaries under SC, ST, and Fisheries in the additional list and those landless homeless beneficiaries who have acquired land, as part of the Total Housing Programme under LIFE Mission Phase III and in the above additional list. As per Government order read as 2nd paper above, the above said Government Order was modified by according sanction for availing the said loan from HUDCO through KURDFC.

2. As requested by CEO LIFE Mission and MD, KURDFC vide letters read as 4th and 5th paper above, modified order including predisbursal conditions for loan amount of Rs. 1448.34 crores for Rural sector (out of the total HUDCO loan amount of Rs. 1500 crores for both Rural and

Urban Sectors) was issued as per Government order read as 6th paper above. The Managing Director, KURDFC vide letter dated 11.3.2022 (read as 5th paper above) have also requested to revise the Government Order read as 2nd paper above so as to include pre disbursal conditions for HUDCO loan of Rs. 51.66 crores to KURDFC for construction of 2,583 Urban houses as intimated by HUDCO as per Letter No. HUDCO/TRO/KURDFC/AP No. 36025/2022 dated 7.3.2022.

3. The Government have examined the matter in detail and are pleased to integrate and modify the Government Orders read above as follows so as to ensure the timely release of the loan amount for Urban sector from HUDCO for the project:

i. As part of the Total Housing Programme under LIFE Mission, it was decided to take up the construction of houses for the eligible beneficiaries under SC, ST, Fisheries and those landless homeless beneficiaries who have acquired land, for a total number of 2,583 beneficiaries in rural area.

ii. KURDFC will avail a loan of Rs.51.66 crore from HUDCO for the construction of 2,583 houses in urban area. The loan amount will be passed on by KURDFC to the concerned LSGIs as per the number of houses to be built in each LSGI based on the recommendation from LIFE Mission.

iii. The total fund source for the component of providing houses under LIFE Mission to the above mentioned beneficiaries will be met from the loan to be availed by KURDFC from HUDCO, the grant provided by the Government and the own share of the respective LSGIs.

iv. For the loans thus raised, the Government will repay the principal amount of the loan by making upfront deduction of the required amount from the Development Grant of LSGIs provided by the Government in the Annual Budget of the State every year and make the deducted amount available to KURDFC at the beginning of every financial year on annual basis, till the completion of HUDCO loan repayment for which maximum tenure is fifteen years. The Government will provide sufficient Development Grant to the LSGIs in the State's Annual Budget every year till the completion of HUDCO loan repayment. In case of any shortfall in the deduction of Development Grant, then the same will be

met by State Govt. by appropriate Budgetary Support.

v. In order to facilitate the deduction of Development Grant of LSGIs as above, an agreement will be executed between KURDFC and each LSGI for which a separate Government Order will be issued.

vi. The payment of interest for the loan amount will be met from the plan provision earmarked in the Annual Budget by the Government each year. Government shall ensure sufficient budget provision towards the interest dues of HUDCO loan every year. Interest for the year 2022-2023 will be met from the budget provision towards interest payment of HUDCO loan for LIFE scheme. For the subsequent years, Planning Board will make appropriate provision in the Annual Budget each year to meet the interest cost till the completion of HUDCO loan repayment.

vii. Guarantee for the loan amount from HUDCO and interest thereon, will be provided by Government and the Guarantee Commission payable to Government will be deducted from the devolution of the LSGIs by Finance (SFC) Department in Government as in the case of principal amount and remitted to the respective head of account. For this Guarantee Agreement shall be executed.

viii. KURDFC shall open an Escrow Account with State Bank of India wherein the amount for interest payment and the amount deducted annually from the Development Grant towards repayment of principal shall be credited by Government. For the said purpose, quadripartite escrow agreement shall be executed by HUDCO, KURDFC, State Bank of India and the Government of Kerala in the format at Annexure I.

ix. The annually deducted Development Grant amount shall be credited into the said Escrow Account at the beginning of every financial year on annual basis. If the Government makes any withdrawal from the amount so deposited in the Escrow account, a minimum balance equivalent to one quarter principal repayment amount shall be retained in the Escrow account. If the Government or KURDFC prefers to retain the said quarterly balance in fixed deposit, the same shall be held with HUDCO's lien on the fixed deposit. In case of shortage of fund flow in the Escrow Account for meeting quarterly obligation of HUDCO dues, the escrow bank can seek shortfall recoupment from the main account of the Government.

x. KURDFC shall maintain Debt Service Reserve Fund (DSRF) equivalent to one quarter of principal repayment amount in the Escrow Account, before release of final instalment and shall maintain the same throughout the repayment period. KURDFC shall provide a commitment letter to HUDCO in this regard.

xi. KURDFC shall open a Project Account with State Bank of India for crediting the loan amount disbursed by HUDCO and for utilizing the same for the project.

xii. For the above purpose, KURDFC have to sign an agreement with HUDCO in the format at Annexure II and also execute an MoU with SBI.

xiii. For LSGIs with very high number of houses to be built, where deduction of the principal amount of the loan from Plan Grant would affect the fund availability of such LSGIs, a proposal has to be submitted by LIFE Mission through LSGD for additional Government Grant to those LSGIs. State Planning Board should make sufficient provision each year in the plan budget for meeting this extra burden of LSGIs.

xiv. Sanction is also granted to LSGIs for opening new bank account exclusively for the purpose of this loan. The new account shall be opened in SBI branches as far as possible and based on the council decision of LSGIs, account shall be opened in any other nationalized or scheduled banks also.

4. The Government orders read as 1st and 2nd papers above stands modified to the above extent.

(By order of the Governor)
BIJU PRABHAKAR
SECRETARY

The Chief Executive Officer, LIFE Mission.

Regional Chief, HUDCO.

The Managing Director, KURDFC.

Member Secretary, State Planning Board.

The Director of Panchayats, Thiruvananthapuram.

The Director of Urban Affairs, Thiruvananthapuram.

The Commissioner of Rural Development, Thiruvananthapuram.

The Principal Accountant General, (Audit), Kerala,

Thiruvananthapuram.

The Accountant General (A&E), Kerala, Thiruvananthapuram.

The Finance Department (Vide U.O. No. DEV-2/32/2021-

FIN (1696104) dated 21.10.2021.

The Executive Director, IKM.

The Director, Kerala State Audit Department.

The State Performance Audit Officer.

Information Officer, Web & News Media Wing, I &PRD.

Stock File/Office Copy.

Forwarded /By order

Section Officer