



## **ABSTRACT**

Mega City Programme – Transformation of Metropolitan Infrastructure Development Fund (MIDF) as "State Urban Infrastructure Development Fund" (SUIDF) and expanding its scope for financing Urban Local Bodies in the State - Orders - Issued.

**Municipal Administration & Water Supply (MA2) Department**  
**G.O.(Ms)No. 89**

**Dated: 17.06.2022**

திருவள்ளூர்வராண்டு, 2053

சுபகிருது, ஆனி மாதம் 3-ஆம் நாள்

**Read:**

1. G.O. (Ms) No.136, Municipal Administration and Water Supply Department, Dated:24.05.1997.
2. From the Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited letter No.TUFIDCO/MIDF/490/AM(M)/2021,Dated:27.12.2021.

\*\*\*\*\*

### **ORDER:**

The Union Government launched a Centrally Sponsored Scheme of Infrastructure Development in Mega Cities, namely, Mega City Programme (MCP) in the year 1995, inter-alia covering Chennai.

2. The Government of Tamil Nadu, vide the order first read above, appointed Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited as the Nodal Agency for the Mega City Programme. The guidelines specify that the Central and State Governments share 25% each, while the rest is contributed through borrowings from financial institutions / by the implementing agencies. The Mega City programme allows projects to be undertaken within the Chennai Metropolitan Area. Therefore, the scope of the scheme was restricted to the projects to be taken up / implemented within the Chennai Metropolitan Area. This scheme was phased out after December 2005.

3. Further, vide the order first read above, a State Level Sanctioning Committee with the following composition, was the authority to sanction projects under the Mega City Programme:-

Secretary to Government, Municipal Administration & Water Supply Department	:	Chairman
---	---	----------

Chairman & Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	:	Member
Secretary to Government, Housing & Urban Development	:	Member
Secretary to Government., Finance Dept	:	Member
Joint Secretary (Urban Development), Government of India	:	Member
Representative from Planning Commission, Government of India	:	Member

4. The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited in his proposal second read above has stated that, as per the Guidelines, funds from the Union Government and State Government flow directly to the Nodal Agency (TUFIDCO) as grant. As per the guidelines, Nodal agency has to constitute a revolving fund under the scheme. Hence, State Level Sanctioning Committee sanctioned projects with a judicious mix of grants and soft loan.

5. The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited in his proposal second read above has stated that, based on the Mega City Programme guidelines, the Nodal agency (TUFIDCO) constituted a revolving fund to finance infrastructure projects, on a sustainable basis. The guidelines provided that, this revolving fund can be created as Metropolitan Infrastructure Development Fund (MIDF) or State Urban Infrastructure Development Fund (SUIDF) at the end of the programme. Thus, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited had created a revolving fund out of Megacity programme that was converted into Metropolitan Infrastructure Development Fund (MIDF) as approved by the Union Government. The Union Government have specified that, the above funds may be utilized for any infrastructure development projects on the lines of the guidelines governing the Mega City Programme. Under the "Metropolitan Infrastructure Development Fund" (MIDF), an amount of Rs.1,978.27 crore has been created, so far.

6. The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has further stated that, as part of the above programme, loans are provided at an interest rate of 5% for service projects with a repayment period of 15 years, 6% for cost-recovery projects, and 7% for commercial projects with a repayment period of 10 years. The Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has sanctioned financial assistance to the tune of Rs.1,156.47 crore from the "Metropolitan

Infrastructure Development Fund” revolving fund of Rs.1978 crore. The details of Agency wise sanctions are as follows:

(Rs. in crore)

Name of the Agency	No of projects sanctioned	Approved cost	Govt Share under JnNURM	MIDF share	ULB share
Greater Chennai Corporation	11	2414.04	768.39	664.56	981.09
CMWSS Board	21	1875.52	972.88	478.63	424.01
Municipalities	1	32.62	16.31	8.15	8.15
Town Panchayats	1	20.47	10.24	5.12	5.12
<b>Total</b>	<b>34</b>	<b>4342.65</b>	<b>1767.81</b>	<b>1156.47</b>	<b>1418.36</b>

For the sanctioned projects so far, a total of Rs.813.60 crore has been released to the implementing agencies.

7. The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has further stated that, due to rapid urbanization, the Government of India expanded the scope of the Mega City scheme from Chennai Metropolitan Area to Coimbatore and Madurai corporations under Jawaharlal Nehru Urban Renewal Mission – Urban Infrastructure and Governance (JnNURM - UIG). The next phase of Urban Development schemes began in the year 2015, with the Smart Cities Mission, which covers 11 Cities, and Atal Mission for Rejuvenation and Urban Transformation, a centrally sponsored program that covers 28 cities throughout the State.

8. The Union Government has launched the 'Atal Mission for Rejuvenation and Urban Transformation 2.0' on 1<sup>st</sup> October, 2021 with the objective to provide 100% coverage of water supply to all households in all Urban Local Bodies. It will provide 100% coverage of sewerage and Septage in 500 Atal Mission for Rejuvenation and Urban Transformation cities. Rejuvenation of water bodies and urban aquifer management will be undertaken to augment sustainable fresh water supply, recycle and reuse of treated waste water is expected to cater to 20% of total water needs of the cities and 40% of industrial demand.

9. Funding for the projects under Atal Mission for Rejuvenation and Urban Transformation 2.0 are to be shared by Centre, States and Urban Local Bodies. The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has further stated that, many of the Urban Local Bodies are finding difficult to contribute/mobilize the corresponding Urban Local Bodies share for implementation of projects. The Special Programme Implementation

Department has released a vision document titled "VISION DOCUMENT FOR A NEW DAWN" of the Government. This department has also developed a vision document for the department, titled "Vision 2031". According to the document, Urban Local Bodies have significant gaps between the standards and what is available in terms of basic infrastructure. It is evident from the vision document that, funds are required for developing basic infrastructure of Urban Local Bodies such as sewerage and water supply, solid waste management, bus stands, crematoria, and markets.

**10.** In these circumstances, "Kalaingar Nagarpura MEMPATTU Thittam" (KNMT) and "Singara Chennai 2.0" have been launched by the State Government to address the infrastructure gaps. The allocation under Kalaingar Nagarpura MEMPATTU Thittam (KNMT) is Rs.1000 crore for the FY 2021-22 to Municipalities and Town Panchayats. Under Singara Chennai 2.0, a total of Rs. 500 crore has been allocated for the FY 2021-22 to the Greater Chennai Corporation and the Chennai Metropolitan Water Supply and Sewerage Board. Even with this allocation of funds, additional funds are required to achieve the goals of "Vision 2031".

**11.** The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has stated that, the Director of Municipal Administration in his letter Dated:13.10.2021, has submitted Bus stand proposals for Rs.758.41 crore for co-funding of projects along with Infrastructure and Amenities (I&A) Fund in which he has requested for soft loan with a repayment period of 15 years. Further, during the meeting of the Project Sanctioning and Monitoring Committee of Kalaingar Nagarpura MEMPATTU Thittam, it has been requested to provide soft loans through Revolving Fund for commercial projects, bus stands, shandies etc. and to send a proposal to Government to convert Metropolitan Infrastructure Development Fund (MIDF) into State Urban Infrastructure Development Fund (SUIDF) to enable Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited to lend soft loans to all the Urban Local Bodies in the State.

**12.** The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has further stated that, due to the foregoing factors, it is proposed to expand the scope of "Metropolitan Infrastructure Development Fund" (MIDF) to cover all Urban Local Bodies. The scheme may be renamed as "State Urban Infrastructure Development Fund" (SUIDF). This will enable all Urban Local Bodies in the State to meet the Urban Local Bodies contribution towards successful implementation of Atal Mission for Rejuvenation and Urban Transformation 2.0.

**13.** The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has further stated that, in order to accord administrative sanction and for monitoring of projects of "State Urban Infrastructure Development Fund" (SUIDF), it

is proposed to amend the existing State Level Sanctioning Committee of "Metropolitan Infrastructure Development Fund" (MIDF) with the following composition:

Additional Chief Secretary to Government, Municipal Administration & Water Supply Department	:	Chairman
Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	:	Member secretary
Principal Secretary, Housing and Urban Development	:	Member
Representative from Finance Department,	:	Member
Commissioner, Greater Chennai Corporation	:	Member
Managing Director, Chennai Metropolitan Water Supply and Sewerage Board	:	Member
Commissioner of Town Panchayats	:	Member
Managing Director, Tamil Nadu Water Supply and Drainage Board	:	Member
Director of Municipal Administration	:	Member

**14.** The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has proposed that, the guidelines of the State Level Project Sanctioning Committee under "State Urban Infrastructure Development Fund" (SUIDF), may be as follows:

- a. Sanction of projects based on funds available and accrued under of "Metropolitan Infrastructure Development Fund" (MIDF) /State Urban Infrastructure Development Fund" (SUIDF),.
- b. Prioritization of projects to be posed for funding.
- c. Prescribing appraisal criteria for projects.
- d. Approve projects and accord administrative sanction for projects.
- e. Making decisions about the interest rate, repayment period and other terms of lending for the Service, Cost Recovery, and Commercial projects.
- f. Decide upon the pattern of funds being released to implementing agencies.
- g. Review and monitor the progress of projects during implementation and provide critical decisions, wherever required.
- h. Resolve the issues raised by the agencies from time to time and take appropriate action.
- i. The management fee for the nodal agency, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, will be 0.1% for SUIDF as followed under MIDF.
- j. The committee will meet as often as required.

**15.** The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited has therefore requested the Government to issue necessary orders to expand the scope of "Metropolitan Infrastructure Development Fund" (MIDF) enabling to provide finance to all Urban Local Bodies to meet their infrastructure requirements in the form of soft loan, with the re-naming of the scheme as "State Urban Infrastructure Development Fund" (SUIDF) and to constitute State Level Sanctioning Committee (SLSC) for monitoring the projects of "State Urban Infrastructure Development Fund" (SUIDF), by modifying the existing State Level Sanctioning Committee of MIDF, as detailed at para 13 above and also to approve the guidelines of the proposed State Level Project Sanctioning Committee under "State Urban Infrastructure Development Fund" (SUIDF) as detailed at para 14 above.

**16.** The Government after careful examination, has decided to accept the above proposal of the Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited and accord administrative sanction to expand the scope of "Metropolitan Infrastructure Development Fund" (MIDF) with the re-naming of the Fund as "State Urban Infrastructure Development Fund" (SUIDF), enabling to provide finance to all Urban Local Bodies to meet their infrastructure requirements in the form of soft loan, and to constitute State Level Sanctioning Committee (SLSC) for monitoring the projects of "State Urban Infrastructure Development Fund" (SUIDF), by modifying the existing State Level Sanctioning Committee of "Metropolitan Infrastructure Development Fund" (MIDF), as detailed at para 13 above and also to approve the guidelines of the proposed State Level Project Sanctioning Committee under "State Urban Infrastructure Development Fund" (SUIDF) as detailed at para 14 above.

**17.** The Chairman and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited is requested to pursue necessary follow up action in this regard.

**18.** This order issues with the concurrence of the Finance department, vide its U.O.No.30099/Fin(MAWS)/2022,Dated:17.06.2022.

**//BY ORDER OF THE GOVERNOR //**

**SHIV DAS MEENA**

**ADDITIONAL CHIEF SECRETARY TO GOVERNMENT**

**To**

The Additional Chief Secretary/ Chairman and Managing Director,  
Tamil Nadu Urban Finance and Infrastructure Development Corporation  
Limited, Chennai-600 035.

The Additional Chief Secretary to Government, Finance,  
Chennai-600 009.

The Principal Secretary to Government, Housing and Urban Development, Chennai-600 009.

The Principal Secretary/Commissioner, Greater Chennai Corporation, Chennai-600 003.

The Managing Director, Chennai Metropolitan Water Supply and Sewerage Board, Chennai-600 028.

The Commissioner of Town Panchayats, Chennai-600 028.

The Managing Director, Tamil Nadu Water Supply and Drainage Board, Chennai-600 005.

The Director of Municipal Administration, Chennai-600 028.

**Copy to:**

The Finance (MA&WS) Department, Chennai-600 009.

The Municipal Administration & Water Supply (OP2) Department, Chennai-600 009.

**//FORWARDED BY ORDER//**

*S. Prabhakaran*  
20/1/22  
**SECTION OFFICER**

