



GOVERNMENT OF KERALA

Abstract

LSGD- Designating State Mission Management Unit of AMRUT as the State-level Nodal Agency for the implementation of the Credit Enhancement / Credit Guarantee Initiative in Kerala under AMRUT 2.0-Orders issued.

LOCAL SELF GOVERNMENT (DC) DEPARTMENT

G.O.(Rt)No.222/2026/LSGD Dated,Thiruvananthapuram, 28-01-2026

Read 1 D.O letter No.JS/AMRUT/Oct/2025 dated 13.10.2025 of Joint Secretary, Ministry of housing and Urban Affairs, GoI

2 Letter No. SMMU/52/2025-MFE dated 03.11.2025 of the Mission Director AMRUT

ORDER

As per the letter read as 1st paper above, Ministry of Housing and Urban Affairs (MoHUA) has informed that as part of efforts to financial self-reliance among Urban Local Bodies (ULBs), the Credit Enhancement Initiative under AMRUT 2.0 has been formally launched. This initiative is designed to support smaller cities (population under one lakh) in accessing formal credit for urban infrastructure projects through a Credit Guarantee Fund (CGF) of ₹300 crore. The CGF will provide partial credit cover-up to 60% of the loan amount or 5 crore, whichever is lower to eligible projects. Additionally, ₹25 crore has been earmarked for capacity building of ULBs to enhance their financial and administrative capabilities. MoHUA has also informed that HUDCO has been identified as the credit guarantee fund manager for this initiative.

2.As per the Guidelines for the Credit Enhancement / Credit Guarantee Initiative under AMRUT 2.0, issued by the Ministry of Housing and Urban Affairs (MoHUA);

i. Each city/ ULB would be eligible to apply for a maximum of one project to start with. To ensure equitable representation of Urban Local Bodies (ULBs) across all States/ UTs, projects can be taken up in five Cities/ ULBs

per State/UT. However, in the event of non-participation by any State/ UT or receiving less number of projects, projects may be reallocated to other States/ UTs as per request/ demand.

ii. Projects proposed under this Initiative shall be distinct and must not be sanctioned or financed under any other Centrally Sponsored Scheme or Mission.

iii. Eligible components may include, but are not limited to:

- Infrastructure interventions in universal water supply, including source augmentation, treatment, and distribution etc.
- Sanitation and sewerage management, including network expansion, treatment facilities, and reuse systems etc.
- Rejuvenation of water bodies and development of green spaces to enhance environmental and amenity value.
- Other urban infrastructure/services projects as deemed appropriate by the concerned Urban Local Body (ULB) or designated agency.
- Any PPP (Public Private Partnership) projects for urban infrastructure

iv. All proposed projects must be bankable.

v. The duration of the project shall be as per ULB and Lending agency but not exceeding more than 10 years

3.As per the Guidelines, under the Credit Guarantee Initiative, the project approval process shall follow a structured pathway to ensure bankability, accountability, and alignment with the initiative's objectives:

i. Project Formulation

- The Urban Local Body (ULB) shall formulate a suitable and bankable infrastructure project and collaborate with a lending agency for loan and repayment mechanism.
- The project must align with the eligible sectors, such as water supply, sanitation, rejuvenation of water bodies, or other urban infrastructure areas deemed appropriate.

ii. State-Level Approval

- Once formulated, the project proposal must be submitted and approved by the State-Level Nodal Agency (SLNA)/ SHPSC for AMRUT 2.0.
- Upon approval by the SLNA, the project shall be pitched to the lending agencies for sanction of loan, as per lender' policy, through the designated online platform to be developed by MoHUA.

iii. Submission to MoHUA

- a. Following the In-Principal approval/ sanction of the loan by the lending agency, the project shall be forwarded by the SLNA to the Ministry of Housing and Urban Affairs (MoHUA) for consideration & approval.
- b. The projects shall be approved by the Project Approval Committee headed by National Mission Director, AMRUT 2.0, MoHUA and comprising of Joint Secretary (AMRUT), JS & FA or his representative, MoHUA, Director/ DS (AMRUT) and representative of HUDCO.
- c. Upon approval of MoHUA, HUDCO shall be duly informed for taking further necessary action as a Credit Guarantee Partner.
- d. A tripartite agreement between Lending Agency, Urban Development Department (UDD) of the State and ULB should be completed within a timeframe of 2 weeks.
- e. A letter of guarantee will be issued by HUDCO on a written request by the lending institution after approval of MoHUA.

4. As per the guidelines, the sanction of projects and corresponding loan approvals under the scheme shall be co-terminus with the duration of AMRUT 2.0 Mission. The servicing of credit guarantee liabilities arising under the Scheme shall be limited to a period of five (5) years from the date of approval.

5. As per the letter read as 2nd paper above, the Mission Director, AMRUT has proposed that in Kerala, as the AMRUT State High-Powered Steering Committee (SHPSC), chaired by the Chief Secretary, functions as the State-level approval committee for AMRUT projects, projects proposed under the Credit Enhancement Initiative may be approved by the SHPSC prior to submission to MoHUA for final sanction. Mission Director AMRUT has requested to designate State Mission Management Unit of AMRUT, as the State Level Nodal Agency (SLNA) for the implementation of the Credit Enhancement / Credit Guarantee Initiative in Kerala, with the required administrative and financial authorization to coordinate with HUDCO, lending agencies, and ULBs for coordinating all activities related to the Credit Enhancement / Credit Guarantee Initiative, including:

- i. Inviting and appraising project proposals from eligible ULBs.
- ii. Placing the proposals before the AMRUT SHPSC for State-level approval.
- iii. Facilitating credit tie-up and loan sanction with lending institutions

and HUDCO.

- iv. Forwarding proposals approved by SHPSC to MoHUA for sanction under the Credit Enhancement Initiative.
- v. Executing the mandatory tripartite agreement on behalf of the State with the lending agency and ULB.
- vi. Coordinating reporting, monitoring, and capacity-building support for ULBs

6. Government have examined the matter and are pleased to designate State Mission Management Unit of AMRUT, as the State Level Nodal Agency (SLNA) for the implementation of the Credit Enhancement/Credit Guarantee Initiative in Kerala, with the required administrative and financial authorization to coordinate with HUDCO, lending agencies, and ULBs and for coordinating all activities related to the Credit Enhancement/Credit Guarantee Initiative, as detailed above.

(By order of the Governor)
G RAMANATH
DEPUTY SECRETARY

To:

The Principal Director, LSGD
The Mission Director, AMRUT
The Secretaries of all ULBs (through the Principal Director, LSGD)
The Executive Director, Information Kerala Mission
The Principal Accountant General (A&E) Kerala Thiruvananthapuram
The Accountant General (Audit I/Audit II), Kerala Thiruvananthapuram
Finance (Development) Department
The Information Officer, I&PRD (Web & New Media)
The Executive Director, Information Kerala Mission.
Stock File / Office Copy.

Forwarded /By order

Section Officer

Copy to:

Private Secretary to Hon'ble Minister for LSGD
PA to Principal Secretary, LSGD