MACRO SCAN

July-September, 2017

Prepared by Economic Policy & Analysis Cell, HUDCO

ECONOMY

1. Global Growth

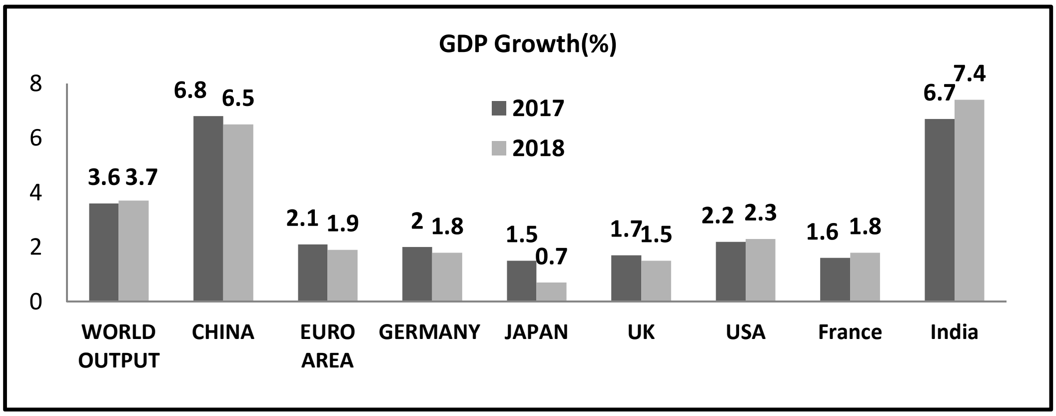
MACROSCAN

1. Global Growth

1.1 Global Growth outlook

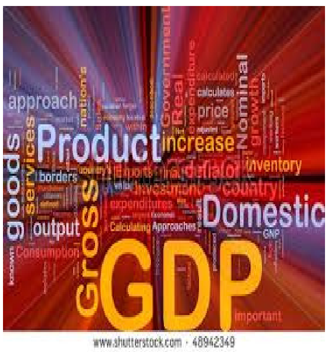
According to October 2017 report of IMF, pickup in the global growth projected in the April 2017 is strengthening. The global growth projections for 2017 and 2018 have been revised to 3.6% and 3.7% respectively, which is 0.1 percentage point higher in both years than in the April 2017 and July 2017 forecasts. Notable growth in investment, trade, and industrial production, coupled with strengthening business and consumer confidence, are supporting the recovery. The US has continued to expand with its revised Q2 GDP growing at its strongest pace in more than two years. In the Euro area, the economic recovery gained further momentum supported by domestic demand.

Chart-1: Global Growth Projections



Source: IMF, World Economic Outlook, October 2017. **Note: GDP for India on Fiscal Year basis**

2. DOMESTIC ECONOMY

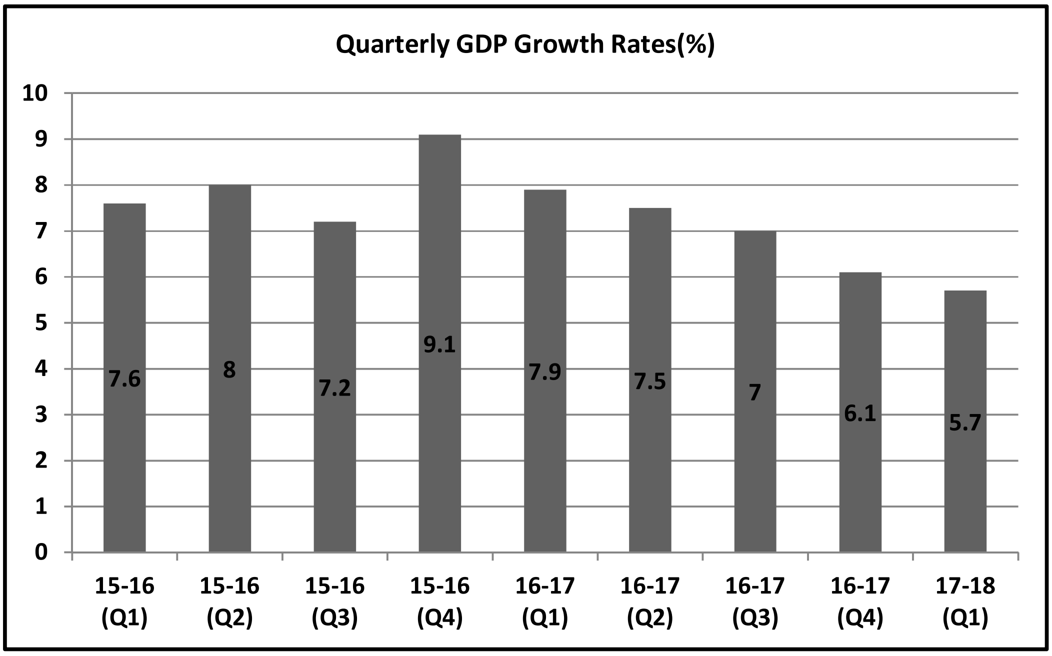


2. DOMESTIC ECONOMY

2.1 Growth Performances

The Indian economy in the first quarter of the 2017-18 grew at the slowest pace in 5 years. The Q1 2017-18 GDP growth rate stood at 5.7%, a marked decline from the 7.9% growth in the first quarter last financial year. The economic performance in Q1 2017-18 was the lowest in the last 12 quarters. The quarterly GDP growth rates are given in chart 2. The disaggregated data showed that manufacturing sector has recorded a sharp decline in the first quarter of the current fiscal.

Chart-2: Quarterly GDP Growth Trend

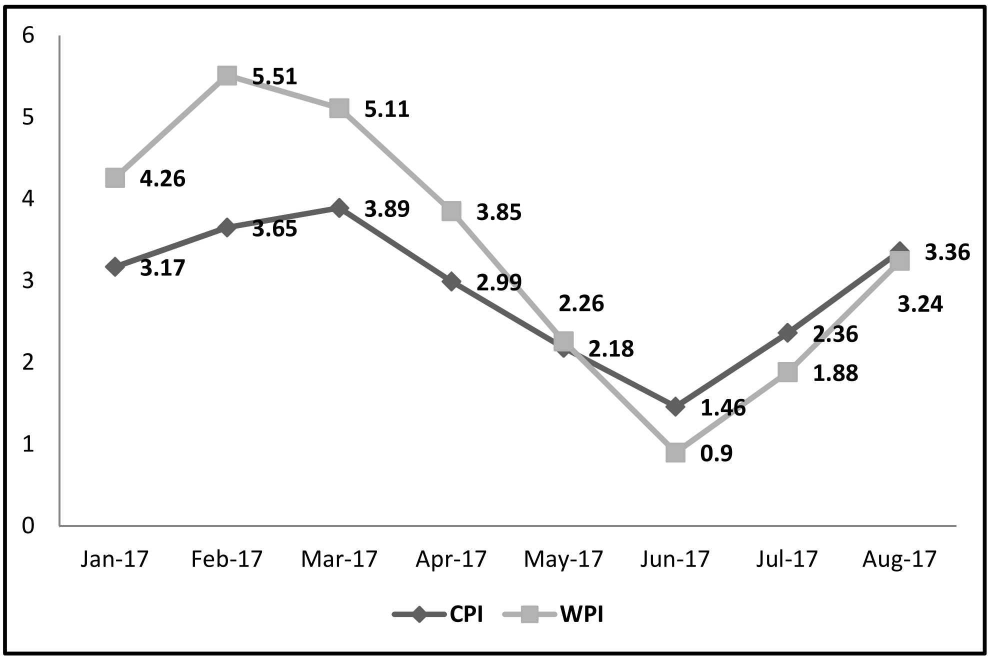


The domestic industrial output measured in terms of index of industrial production (IIP) improved in July'17, compared to a contraction in the previous month. The IIP for July 2017 recorded a growth of 1.2% compared to (-) 0.1% in June 2017. With this, the cumulative IIP growth during April-July 2017 stood at 1.7% compared to 6.5% in the same period previous fiscal. IIP growth in July'17 was led by the improved growth in electricity and mining. Manufacturing output continued to be weak, having grown by a low 0.1% in July'17, compared to the 5.3% growth in July'16. Production of eight core infrastructure industries grew by 2.4 per cent in July 2017, as compared to 3.1 per cent in July 2016. During April-July 2017, the production in eight core industries grew by 2.5 per cent, as compared to the growth of 6.0 per cent in corresponding period of previous year.

2.2. Inflation

The Consumer Price Index (CPI) based inflation increased to 3.36% in August'17 compared to 2.36% in July'17 and 5.05% recorded in August '16. All segments of the consumer price index (CPI) recorded positive growth during the month, the second month in a row. The wholesale price index (WPI) based inflation for India increased to 3.24% for the month of August '17 compared to 1.88% (prov.) for July '17. The inflation trend shows that after touching a low in June 2017, both CPI based and WPI based inflation rates have started moving upwards.

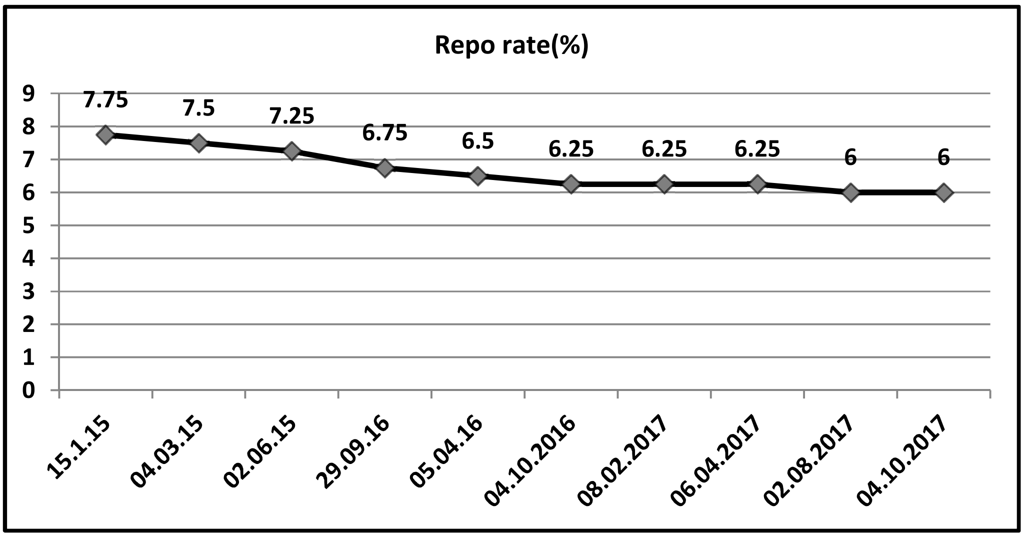
Chart-3: CPI& WPI Inflation trajectory (Percent)



2.3 Monetary Policy Stance

Reserve Bank of India (RBI) in its third bi-monthly policy meeting held in August 2017, RBI had reduced the repo rate from 6.25% to 6.0%. The main factors for the rate cut decision were decline in the inflation rates, weak industrial performance, surplus liquidity condition in the system and expectation of normal monsoons. In the 4th monetary policy statement declared on October 4, 2017 RBI has kept the policy rates unchanged. The monetary policy committee (MPC) observed that CPI inflation has risen by around two percent since the august 2017 meeting. The price pressures have coincided with an escalation of global geopolitical uncertainty and heightened volatility in financial markets. Although the domestic food price outlook remains largely stable, momentum in prices are building from the items excluding food especially from crude oil. The possibility of fiscal slippages may add to this momentum in the future. Considering all these factors MPC also decided to keep the policy stance neutral and monitor incoming data closely. The MPC remains committed to keeping headline inflation close to 4% on a durable basis.

Chart-4: Movement in Repo rate (%)



2.4 Foreign trade

The value of merchandise exports and imports increased by 10% and 21% respectively in US$ terms in August 2017 over August 2016. During April-August 2017, the value of merchandise exports and imports increased by 8.6% and 26.6% respectively. Oil imports and non-oil imports have increased by 18.9% and 28.9% respectively in April-August 2017 over corresponding period of previous year. India's current account deficit (CAD) in US$ was 14.3 billion (2.4% of GDP) in Q1 of 2017-18 which increased sharply from US$ 0.4 billion (0.1% of GDP) in Q1 of 2016 -17.

2.5 Public Finance

The budget estimate of the fiscal deficit for 2017-18 has been set at 3.2 per cent of GDP as compared to 3.5 per cent in 2016-17(RE). The Budget estimate for revenue deficit as percentage of GDP for 2017-18 is 1.9 per cent, as compared to 2.1 per cent in 2016-17(RE). Gross tax revenue was Rs. 4,52,527 crore during April-July 2017 recording a growth of 17.1%. Revenue receipts increased by 13.8% in April-July 2017 to Rs.2,91,019 crore. Revenue expenditure increased by 21.8 %.

2.6 Savings and Investment rate

The saving rate (ratio of gross saving to GDP) for the year 2015-16 was 32.3 per cent, as compared to 33.1 per cent in 2014-15. The investment rate (rate of gross capital formation to GDP) in 2015-16 was 33.3 per cent, as compared to 34.4 per cent in 2014-15.

2.7 Selected Infrastructure Indicators

- The addition to power generation capacity was about 3,956 MW during April-August 2017, as compared to 3,134 MW during the corresponding period of pervious year. The total installed capacity for electricity generation was 3,29,226 MW at the end of August 2017, of which the share of thermal, hydro, renewable and nuclear sources was 66.7 per cent, 13.6 per cent, 17.7 per cent and 2.1 per cent respectively.
- The traffic handled in major ports grew by 3.3 per cent to 274 million tonnes in April-August 2017 from 265.3 million tonnes in the corresponding period of previous year.
- The number of telephone subscribers in India remained stagnant at 1,205 million at the end of June and July 2017. The overall tele-density in India stood at 93.9 per 100 individuals at end July 2017; the urban tele-density was 173.2 and rural teledensity was 57.7.

2.8 Credit Flows

The RBI data on sectoral deployment of bank credit depicts the variation in outstanding credit of banks to various sectors of the economy or deployment of gross bank credit by major sectors and indicative of credit off-take. The data for the month of August 2017 reveals the following facts:

- Outstanding **Gross Bank Credit (GBC)** *decreased* by 2.5% per cent during April 2017-August 2017 compared to a *decrease* of 0.3**%** during the same period last fiscal.

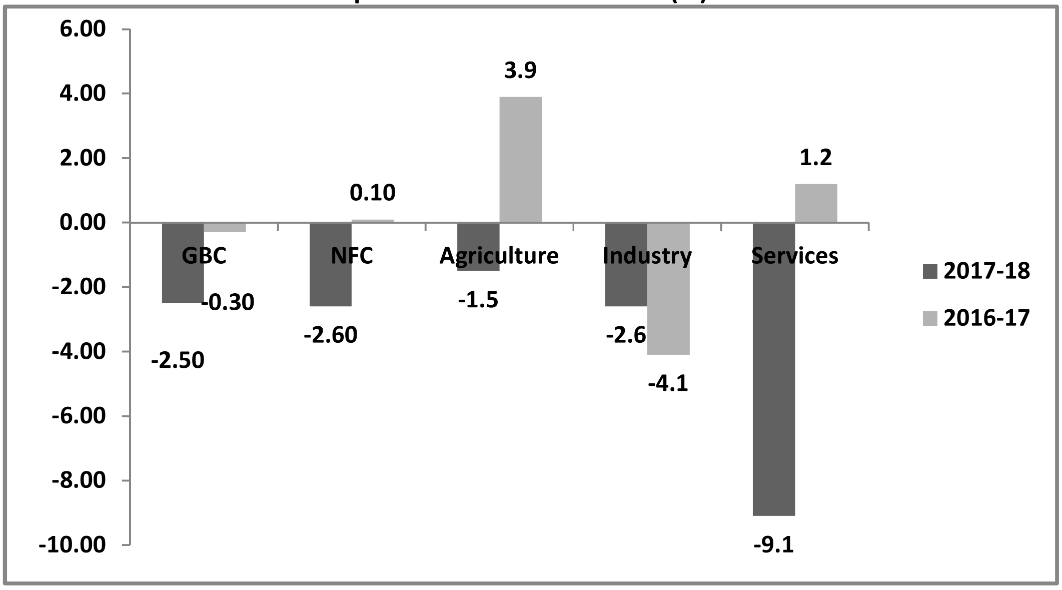
- Outstanding **Non-Food Credit (NFC)** *decreased* by 2.6% per cent during April 2017-August 2017 compared to an increase of 0**.1%** during the same period last fiscal.

- Outstanding credit to **agriculture & allied activities** *decreased* by 1.5**%** per cent during April 2017-August 2017 compared to an *increase* of 3.9**%** during the same period last fiscal.

- Outstanding credit to **Industry** *decreased* by 2.6**%** per cent during April 2017-August 2017 compared to a *decrease* of 4.1**%** during the same period last fiscal.

- Outstanding credit to **Services** *decreased* by 9.1**%** per cent during April 2017-August 2017 compared to an increase of 1.2**%** during the same period last fiscal.

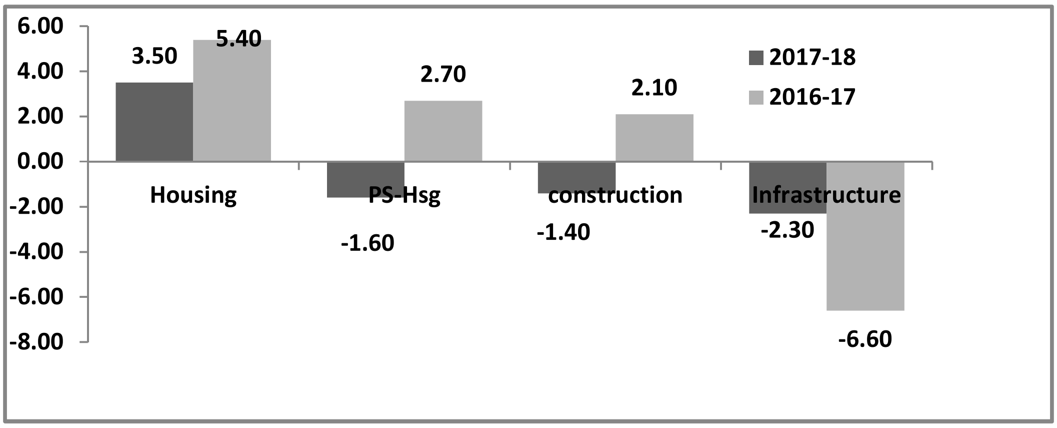
Chart-5: Variation in outstanding bank credit during April - August 2017 of current & previous FY - Broad Heads (%)



It is seen from above that growth rate of outstanding credit has sharply decelerated during April 2017-August 2017 of FY 2017-18 compared to the same period of FY 2016-17. All the major sectors of the economy – agriculture, industry and services witnessed negative growth in outstanding credit. Amongst these sectors industry and services sectors witnessed the steepest deceleration in outstanding credit growth. Further, the data related to sectoral deployment of bank credit to the sub-sectors like **housing, construction and infrastructure sectors** reveal the following facts:

- Outstanding credit of **retail housing sector including priority sector (Housing)** increased by 3.5% during April to August 2017 in the current FY compared to 5.4% increase in the same period last fiscal. Outstanding credit of **priority sector housing(PS-Hsg)** decreased by 1.6% During April to August 2017 in the current FY compared to 2.7% increase in the same period last fiscal.
- Outstanding credit of **Infrastructure (power, telecom, roads & other infrastructure)** *decreased* by 2.3**% d**uring April to August 2017 in the current FY compared to a de*crease* of 6.6**%** in the same period last fiscal.
- Outstanding credit of **Construction** sector decreased by 1.4**%** during April to August 2017 in the current FY compared to an increase of 2.1% in the same period last fiscal.

Chart-6: Variation in outstanding bank credit during April - August 2017–Select sectors (%)



The above data on subsectors during April-August 2017 reveals that retail housing sector as a whole has witnessed a slowdown in the growth of outstanding credit. Within housing, priority sector housing has recorded a negative growth of 1.6%. The construction and infrastructure sectors have also recorded a negative growth in outstanding credit.

3. HOUSING & REAL ESTATE

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3.1 Housing market condition – CRISIL Research

CRISIL Research believes that demand for residential property market is unlikely to revive in the next 12-18 months as the fundamental problem of lack of end-user buyers is unlikely to change any sooner(October 2017). Absorption of new homes has been on the decline for over six years now. Home sales in the top 10 cities – Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, MMR, NCR and Pune – have declined at a compound annual growth rate of 8% since 2011. The trend appears set to last well into fiscal 2019 or beyond, causing more difficulty to developers. The reasons for this situation are as follows:

i) First, high property prices have turned end-users into fence-sitters in most micro markets. Though capital values have been under pressure over the past few quarters, a significant chunk of supply in many micro markets remain unaffordable.

ii) Second, concerns over job losses and lack of employment opportunities – especially low-skilled ones such as in IT/ITeS -- on account of increasing automation, among other things, are increasing. This curtails income visibility required for a housing loan, which is typically for a long tenure.

iii) Third, rentals are being preferred to buying a property as high prices mean hefty down-payments and EMIs. Many nuclear families are opting for rental accommodation in suburban locations than purchasing a house in a peripheral micro market.

iv) Fourth, there are risks associated with delivery of under-construction projects, especially delays in getting possession from the developers, which deter buyers. Resurgence in buyers' confidence will happen only when they see the Real Estate (Regulation and Development) Act (RERA) working in their favour.

v) Fifth, participation of the investor community has reduced significantly on account of falling returns on the asset class, owing to stagnant capital values, limited income tax benefits on let-out properties (announced in Union Budget 2017-18), and changes in the regulatory framework to curtail pre-launch transactions.

vi) Sixth, until recently, developers were focused on mid-category/ luxury/ premium housing projects. This has led to huge unsold inventory of units – especially in the mid-segment – which are beyond the reach of the average buyer. The affordable housing segment has pent-up demand, and also favourable policy interventions, but developers have only just shifted focus to it.

CRISIL Research feels that next few quarters will see more launches in the affordable housing category, or projects with smaller configurations, leading to a reduction in the overall ticket size. That, along with falling interest rates and supportive credit-linked subsidy framework, will benefit end-users because affordability improves. In the medium term, effective implementation of RERA can help infuse transparency and improve buyer confidence. While most states and union territories have notified their respective Acts, many are yet to form permanent RERA authorities. In addition, only a handful of state RERA websites – in Gujarat, Karnataka, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh – are operational and have started publishing project information online. Also, one sees a dilution in the definition of 'ongoing project' in the notifications of some of the states. These need immediate and effective monitoring by the central authority. Prices are expected to hover around current levels on account of weak demand and moderation in new supplies.

3.2 Digital initiatives in Haryana

To manage the property registration and land records in the state, the Haryana government announced that the revenue department has rolled out a cloud-based centralised online system 'WEB-HALRIS' in accordance with the progress the state has witnessed in terms of digitisation of land records, property registration and other e-governance programs. 'WEB-HALRIS' is an automatic system which enables integration of property registration and verifies the ownership of the sellers prior to their registration of the sale of land. It also facilitates the sanctioning of the mutation of the land registered. Haryana has taken several new initiatives such as e-registration, e-stamping and online appointment for deed-registration to ease the process of land registry. The e-registration has been seamlessly integrated with e-stamping system using e-gras system of the finance department.

3.3 Centre approves construction of 30,000 houses on private land

The Central government has approved the construction of 30,000 residential units for the urban poor on private land in Maharashtra's Sholapur. This is first of its kind project taken up on private land under Pradhan Mantri Awas Yojna (Urban).The centre's assistance of Rs 450 crore has also been approved by the Housing and Urban Affairs Ministry. The total cost of the project is estimated at Rs 1,811 crore of which State Government has agreed to provide assistance of Rs 300 crore. The State Level Sanctioning and Monitoring Committee (SLSMC), which is set up under PMAY (U), will oversee the implementation of the project.

Raynagar Cooperative Housing Federation, Sholapur, had applied for the proposal of constructing 30,000 residential units for its members which consists of workers in textiles, beedi industries, and several other urban populations who cannot afford proper housing and belong to Economically Weaker Sections (EWS). The government scheme of PMAY (U), which has set a target to provide affordable housing to all by 2022, was so far applicable to build projects on land belonging to state or municipal corporations, but for the first time, the project is being implemented on a private land

3.4 Government sanctions over 2.17 lakh houses for the urban poor

The Central Government has sanctioned over 2.17 lakh houses for urban poor in six states, including Andhra Pradesh, Uttar Pradesh and Assam, taking the total tally to about 26 lakh under the Centre's housing scheme as of 28 August 2017.Central assistance of Rs 40,597 crore has been approved for construction of these houses. With this, the total houses sanctioned under the scheme increased to over 26.13 lakh with a total investment of around Rs 1.39 lakh crore. Housing and Urban Affairs Ministry has given nod to over 1.20 lakh more houses under Pradhan Mantri Awas Yojana (Urban) to Andhra Pradesh, followed by Uttar Pradesh 41,173, Assam 16,700, Gujarat 15,222, Jharkhand 14,017 and Maharashtra 9,894.The 10 states-Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Karnataka, Gujarat, West Bengal, Maharashtra, Uttar Pradesh, Jharkhand and Bihar account for 82% of the total houses sanctioned so far under PMAY(U).Andhra Pradesh was far ahead of other states, accounting for 20.71% of the total sanctioned houses. With the latest sanctions, all states and Union Territories, except Delhi, Chandigarh, Goa and Lakshadweep, have got houses sanctioned under PMAY(U).

3.5 Telangana government notifies RERA rules

Telangana State Government has notified the Real Estate Regulatory Authority (RERA). It is applicable to all ongoing projects approved after January 1, 2017. It has now become mandatory for builders and infrastructure companies to register themselves with RERA. Once registered, the builder has to complete the project as per schedule and the prospective buyer can move RERA in case of any delay or violation on the part of the builder. RERA has been notified and the Telangana State Real Estate Rules, 2017 has been issued. All the projects that come up in above 500 sq metres plot area and apartments comprising more than six units and were approved on or after January 1, 2017, by municipal corporations such as Hyderabad,Warangal and Nizamabad, Nagar panchayats like Pedda Amberpet and Medchal, Urban development authorities like HMDA as well as the Telangana State Industrial Infrastructure Corporation come under the purview of RERA. The state government will soon appoint the regulatory authority comprising a chairperson and one or two members. An appellate tribunal will also be constituted to deal with appeals on RERA's decisions.

3.6 Surat Municipal Corporation to build 7,500 EWS homes under PPP

Surat Municipal Corporation (SMC) has begun work on building 7,500 new homes for people from Economically Weaker Sections at the cost of Rs 879 crore. This will be SMC's first project for low-cost housing under the public, private partnership (PPP) model. Under the Prime Minister's housing scheme, letters of intent have been issued to private builders at four locations in the city. Private builders are conducting a survey and will soon provide a list of eligible hutments. The builders would also provide transit accommodation to the dwellers till these new houses are buil. Six settlements in Anjana area of Limbayat zone have been chosen for this rehabilitation which includes Anwarnagar, Ambedkarnagar, Halpati Vas, Khwaja Nagar, Vivekanand Nagar and Umiyanagar. Nearly 1.30 lakh sqm of land will be used and all 7,500 hut dwellers would get a new 25 sqm two-room-kitchen house in high-rise buildings. The builders would get freehold rights of the remaining land or that of flats and would also get transferable development rights (TDR) in SMC or SUDA area in lieu of construction of the houses and it is expected that the possession of homes to beneficiaries would be given in three years.

4. URBAN INFRASTRCTURE

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4.1 Centre to give incentives to expedite the completion of smart city projects

The Centre has announced that it will give Rs 3,700 crore as incentive to states who complete the smart city projects faster. The states will be chosen through competition and the Chief Secretaries of states would monitor the progress of smart city projects for early completion. The incentive amount to be given to states will be about two percent of the cost of all projects.

4.2 MoU signed for Haryana's first solid waste management project

Municipal Corporations of Gurugram and Faridabad have signed a MoU for the development of Haryana's first Integrated Solid Waste Management Project. This is the country's first project bid on output based Incentive (OBI) concept of public private partnership (PPP) model. The entire project is expected to cost over Rs.330 crore and a land of over 28 acres with a concession period of 22 years has been identified in the Bandhwari for the same. The project will cover door to door collection, transportation, processing and disposal of the Municipal solid waste from various waste generators including individuals or group of persons, all residential, commercial and industrial establishments within the municipal areas of the towns of Gurugram and Faridabad, which amounts to over 1,250 tonnes of municipal waste per day. This project will be established using state of the art technologies for processing and disposal and modern infrastructure for the door to door collection and transportation. The Municipal Solid Waste processing unit would comprise of Bio methanation facility, composting facility, Refuse derived fuels (RDF) processing facility, RDF to power plant.

4.3 Twenty Six cities planning to offer Municipal bonds

After Pune Municipal Corporation's (PMC) Rs. 200 crore municipal bond offering that hit the BSE in June 2017, as many as 26 cities with A+ and above credit rating are planning to raise over Rs. 50,000 crore over the next three years. So far, cities that have received the highest rating include Kolkata in West Bengal (AAA); Navi Mumbai (AA+), Pimpri Chinchwad (AA+), Pune (AA+), Nashik (AA), Mira Bhayandan (AA-), Thane (AA-), Vasai-Virar city (A-) in Maharashtra; GVMC (AA) and Vijaywada (A-) in Andhra Pradesh; Ahmedabad (AA), Surat (AA-) and Vodadra (A+) in Gujarat; NDMC (AA-) in Delhi; Kishangarh (A+), Jaipur (A-), Bhiwadi (A-), Jhunjhunu (A) in Rajasthan; GHMC (A+), Warangal (A) in Telangana; Indore (A+), Bhopal (A-) and Jabalpur (A-) in Madhya Pradesh; Lucknow (A-) in Uttar Pradesh and Mangaluru (A) in Karnataka. Fifteen cities in the list have already appointed transactional advisers. These include Jaipur, Jabalpur, Ahmedabad, Visakhapatnam, Indore, NDMC, Kakinada, Udaipur, Bhopal, Warangal, Kota, Bhiwadi, Kishangarh, Greater Hyderabad Municipal Corporation (GHMC) and Panaji.

4.4 Amaravati takes up innovative effort to reduce carbon emission

The designs submitted by British architect firm Foster and Partners for the upcoming capital Amaravati have a sustainable building vision with nine integral components, the main attraction being a walkable city. As per the design, the capital city will have 53% green cover with 10% water coverage and 21% roads. The plan envisages an unmanned electric bus network along the central spine. Besides, space has been created for electric vehicles, bicycles, pedestrian routes and water taxis. The idea is to reduce carbon emission by 35%-40%. As part of the smart city vision, planning is to be done in such a way that there will be optimised use of water, power and generation of less waste. The city would be carbon-neutral. It will be sustainable and will produce all its energy through rooftop solar panels.

4.5 Delhi Smart City – smart technologies being used

Delhi smart city project has incorporated the following smart technologies: (1)Water ATMs, mini sewage treatment plants (STP) and Phytorid STPs (Phytorid technology is a wetland based natural treatment system for wastewaters) : 40 water ATMs and 3 mini STPs have been installed and work has been awarded for one phytorid STP**;** (2) LED lights would replace streetlights, pelican crossing, 3D zebra crossing, street furniture, Wi-Fi network, CCTV cameras and environment sensors; (3) booking of parking through smartphone app - Mobile app to pre-book parking slots for better regulation of parking spaces and the work has been awarded for the same; (4) Digital libraries in schools across the city: 13 schools in Delhi have been selected for this and 3D printing labs have been set up in 10 schools**;** (5) Fully mechanised waste management - fully mechanised collection, transportation and disposal of waste, geo-tagged stainless-steel litter bins and development of zero-waste colonies (6) Interactive digital panels - In Delhi, government is setting up 75 panels with Wi-Fi and touch screen facility (7) Smart toilets will have water ATM, vending machine. There's plan to set up 149 such toilets in Delhi. Of these, 29 have already been constructed.

4.6 Government goes digital to speed up land acquisition for highway project

The process of acquiring land for highway projects is set to get shorter as the entire process would go digital eliminating chances of mistakes and reducing the long time taken for verification of land titles. The highways ministry has undertaken a massive exercise of hosting digital details of the land of more than 6.45 lakh revenue villages across 668 districts on a portal named 'Bhoomiraashi' or compensation for land acquisition. This will be the one-point platform for online processing of land acquisition and notifications as well. Quicker land acquisitions will accelerate road construction, which is one of the main focus areas of the government for pushing infrastructure development and creating jobs as well. At present, the completion of land acquisition takes at least one-and-half years. Delay in land acquisition is the key reason for stuck highway projects across the country.

4.7 Prime Minister launches Gujarat Narmada Valley Fertilisers and Chemicals Ltd (GNFC)'s new township model across 12 states

The Prime Minister of India launched a cashless/less cash township model, developed by GNFC, across 81 townships in 12 states. The 81 townships included 56 in Gujarat and 25 in other states that have chosen to follow the cashless or less cash model. GNFC facilitated the model across these states under the auspices of National Institution for Transforming India Aayog (NITI Aayog). NITI Aayog has advised the Central ministries and 300-plus central PSUs for adopting this model. The 81 townships include those of central public sector companies such as ONGC, Indian Oil, NTPC, SAIL, BHEL, NMDC, CRPF, BSF and Police Lines and private sector townships like Reliance, Essar, Adani, Aditya Birla, Welspun spread across 12 states, including Delhi, Gujarat, Uttar Pradesh, Madhya Pradesh, Maharashtra, Bihar and Chhattisgarh. The benefits that have accrued from this model are: financial inclusion, cashlessness as a lifestyle, better parental control, women's empowerment and social upliftment using technology.

4.8 Yes Bank introduces digital payment solution for Nashik Smart City

Yes Bank has launched cashless payment solution for Nashik Smart City, in partnership with the Nashik Municipal Corporation (NMC) to aid the Government's dream of a less-cash economy. As a part of this project, Yes Bank has digitised the payments for the Government services (G2C) carried out at NMC's Citizen Facilitation Centres (CFC) and 45 NMC services will be made available to the residents of Nashik through the CFCs as well as online.

4.9 GPS-fitted sweeping machines to sparkle New Town roads

The New Town Kolkata Development Authority (NKDA) has decided to bring mechanical road sweeping machines under the GPS-enabled Vehicle Tracking System (VTS) to develop a performance-oriented waste management system. According to the technology, the location of the machines is time logged on to a map and software generates the distances travelled. Through VTS, the authorities will be able to monitor and track how long and where the road sweeping machines are working. The authorities will be able to track down and take steps against workers engaged in waste management if it is found that the machines have not been used to its full.

4.10 RBI proposes long-term finance banks for funding to infrastructure & core industries

A Reserve Bank of India (RBI) discussion paper on 'Wholesale & Long-term Finance Banks' has proposed setting up of long-term finance banks, especially to fund infrastructure and greenfield projects of industries, with a minimum capital requirement of Rs 1,000 crore. The eligibility criteria of promoters for a Wholesale and Long-term Finance Bank (WLTFB) will be the same as those for an 'on tap' universal banking license which means large industrial houses cannot take more than 10 per cent stake in these banks. Individuals with 10 years of experience in banking and finance at a senior level with a successful track record can also apply for the licence along with business groups, which have total assets of at least Rs 5,000 crore and which do not own more than 40 per cent of their total income from non-financial sources.

These banks will be exempted from opening branches in rural and semi-urban areas and will not be forced to lend to agriculture and weaker sections of the society. WLTF banks shall focus on lending to infrastructure and core industries as these sectors traditionally remain deprived of regular bank credit due to asset-liability mismatch issues, which arise on the balance sheet of banks because of long gestation repayment period of assets in such sectors. Therefore, to channel necessary credit from WLTF banks to these sectors of the economy, a target percentage of their total credit portfolio may be prescribed for infrastructure and long-term projects.

WLTFBs are unlikely to be allowed to accept savings deposits, and there could be a threshold of Rs. 10 crore for term deposits. There could be reasonable restrictions on premature withdrawal of these deposits. Raising funds from selling rupee denominated bonds -- locally or abroad -- will be a major source of funds for WLTFBs. These banks can also raise money from other sources, such as commercial bank borrowing, securitisation of assets etc. WLTFBs will also have to maintain the cash reserve ratio (CRR) just like other commercial banks, but not for funds raised through infrastructure bonds. However, unlike commercial banks, WLTFBs may not be required to maintain the statutory liquidity ratio (SLR). Some relaxation in respect of prudential norms on liquidity risk and compliance with liquidity ratios such as liquidity coverage ratio may be considered for WLTF banks.

5. OVERVIEW OF HUDCO FINANACED PROJECTS

5.1 UP Expressway Industrial Development Authority (UPEIDA)

The Government of Uttar Pradesh has embarked upon an ambitious programme for development & construction of access controlled Lucknow - Gazipur Expressway road network. The Purvanchal Expressway project will extend the connectivity of the State capital with the eastern part of U.P and surrounding states, with high speed corridor in the State of Uttar Pradesh. The UP Expressway Industrial Development Authority (UPEIDA) will implement the projects on EPC mode with contribution from State Government and borrowings from HUDCO.

Under the instant proposal, UPEIDA avail HUDCO loan for Land Acquisition of proposed Expressway for total length 340.824 K.M. The project cost of the scheme is Rs.7011.86 cr and sanctioned loan amount from HUDCO is Rs.1179 cr. The instant scheme is divided into 8 packages. The agency UPEIDA has proposed to acquire/purchase land for an area of 4544.22 ha. for the Lucknow-Gazipur Expressway project. The proposed expressway alignment/span intersects or surrounds important places and districts along the project stretch are Lucknow, Barabanki, Amethi, Faizabad, Sultanpur, Ambedkar Nagar, Azamgarh, Mau and Ghazipur.

5.2 UP State Highways Authority (UPSHA)

The Government of Uttar Pradesh has embarked on an ambitious program for improvement, strengthening and widening of State PWD Roads networks of various cities in the State of Uttar Pradesh. The UP State Highways Authority (UPSHA) will implement the projects with contribution from State Government and borrowings from HUDCO. The project cost of the scheme is Rs.12275.20 cr and sanctioned loan amount from HUDCO is Rs.2500 cr.

Under the proposal, UPSHA will avail HUDCO loan for six zones (Allahabad, Azamgarh, Faizabad, Gorakhpur, Jhansi and Varanasi) covering PWD state roads for a sanctioned length of 3104.16 km for strengthening and widening and length of 7866.79 km for surface Improvement. The scheme is being implemented by UPSHA. The project provides smooth road network and linkage between central and eastern including Bundelkhand U.P. The instant scheme of strengthening and widening of State PWD Roads is significant for socio-economic development as well as promotion of trade, tourism & industry in the State of Uttar Pradesh.

5.3 Construction of 4,00,000 EWS Houses under NTR Rural Housing Programme (2017-18 & 2018-19) in 13 districts of Andhra Pradesh, by Andhra Pradesh State Housing Corporation (APSHC).

The project envisages construction of 4,00,000 EWS Houses under NTR Rural Housing Programme dovetailing with MGNREGS for the years 2017-18 & 2018-19 @ 2 lakh houses each year with a unit cost of Rs 1.50 lakh with a plinth area of a minimum of 200 sq ft and a maximum 500 sqft, for the house plus toilet, out of which Government of Andhra Pradesh Subsidy is Rs 0.92 lakh which is being taken as HUDCO loan. Additional Subsidy by Govt. of AP for Individual Household Latrine (IHHL) is Rs 0.03 lakh, and subsidy under MGNREGS is 0.55 lakh. . The construction of dwelling units will be done by the beneficiaries. Andhra Pradesh State Housing Corporation Ltd. (APSHC) has been sanctioned loan assistance of Rs. 3680 crore for the project. The total project cost is Rs 6590.19 Crore.

5.4 Construction of 55,000 EWS Houses under NTR Rural Housing Programme (2016-17) in 13 districts of Andhra Pradesh, by Andhra Pradesh State Housing Corporation (APSHC).

The project envisages construction of 55,000 EWS Houses under NTR Rural Housing Programme dovetailing with MGNREGS in addition to 1.45 lakh houses already sanctioned during the year 2016-2017, with a unit cost of Rs 1.50 lakh with a plinth area of 200 sq ft plus toilet, out of which Government of Andhra Pradesh Subsidy is Rs 0.92 lakh which is being taken as HUDCO loan. Additional Subsidy by Government of AP for Individual Household Latrine (IHHL) is Rs 0.03 lakh, and subsidy under MGNREGS is 0.55 lakh. The construction of dwelling units will be done by the beneficiaries. Andhra Pradesh State Housing Corporation Ltd. (APSHC) has been sanctioned loan assistance of Rs. 506 crore for the project. The total project cost is Rs 897.67 Crore.

5.5 HUDCO’s Loan assistance of Rs. 1540 crore to Punjab Municipal Infrastructure Development Company (PMIDC) for Water Supply and Sewerage Projects for various ULBs in the State of Punjab

Punjab Municipal Infrastructure Development Company (PMIDC) has been sanctioned a proposal for availing HUDCO loan of Rs. 1540 crore for implementation of water supply and sewerage projects. Project is meant for development of water supply and sewerage system in 139 urban local bodies of Punjab. The objectives of the scheme are to improve water supply and sewerage facilities. The implementing agency is Punjab Water Supply and Sewerage Board (PWSSB).

5.6 Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNNL)

Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNNL) has submitted an application for financial assistance from HUDCO for improvement, strengthening and widening of State PWD Roads of various cities in Uttar Pradesh. The project is divided into Six Zones namely Agra, Bareilly, Kanpur, Lucknow, Meerut and Moradabad and is to be implemented in 38 districts of Uttar Pradesh. Under the project, Strengthening and Widening of road works are proposed in 132 nos. of PWD state Roads {State Highways, Major District Roads (MDRs), Other District Roads (ODRs) and City roads} for a length of 2711.06 kms and Surface Improvement works are proposed in 1637 nos. projects for a length of 4626.68 kms. Out of the project cost of Rs 10731.50 crore, HUDCO sanctioned loan amount of Rs 2600.00 crore (30.50% of Project Cost) and the balance amount of Rs 5924.88 crore, is being given by the State Government. UPRNNL is a first time borrowing agency for HUDCO.

5.7 Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO)

Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) has requested sanction from HUDCO for a loan of Rs 1000 crore for improvement of distribution network in Tamil Nadu, wherein, 22,500 distribution transformers of capacities ranging from 100 KVA to 500 KVA alongwith 3,20,000 Three phase static meters and 3,00,000 Single phase static meters will be procured, for a total project cost of Rs 1142.02 crore. The project is for improvement of distribution network though installation of transformers and static energy meters, thus, there will be reduction in distribution losses, as well as increased metering efficiency etc., which will improve the revenue collection of the agency.