

Jaunpur Nagar Palika Parishad

Issuer Credit Research

Ratings

Long Term Issuer Rating IND BB

Outlooks

Long Term Issuer Rating Stable

Financial Data

Jaunpur Nagar Palika Parishad (Pls change 31 March 2016 to FY16)

Particulars	FY16 Actuals	FY15 Actuals
Operating revenue (INR million)	360.34	400.38
Revenue surplus (INR million)	98.83	96.81
Operating margin (%)	27.43	24.18

Key Rating Drivers

Poor Civic Infrastructure: India Ratings and Research (Ind-Ra) assigned Jaunpur Nagar Palika Parishad (JNPP) a Long-Term Issuer Rating of 'IND BB' in May 2017. Jaunpur has inadequate civic infrastructure. It does not have an underground sewerage system and a sewage treatment plant. Lack of adequate basic civic services, as reflected by the municipality's service level benchmark (SLB) reports, calls for immediate attention. However, Ind-Ra expects civic infrastructure in Jaunpur to improve, as the city has been selected under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme.

Multiplicity of Agencies: Urban civic service delivery is hampered by the multiplicity of authorities that provide such services. In addition to JNPP, other state agencies such as Uttar Pradesh Jal Nigam and Public Works Department provide civic services. The transfer of some services from these agencies to JNPP can help in expedite the improvement in service delivery.

Limited Tax Revenue: The Jaunpur jurisdiction is only 25 square kilometres, with a population of 180,362. Economic activity in the town is not buoyant, and taxes, on average, contributed 4.25% to JNPP's total revenue over FY12-FY16. Other revenue sources are non-tax revenue, grants and contribution, and other income. Non-tax revenue primarily emanates from various fees and charges and rental income from municipal properties. It contributed 2.41%, on average, to total revenue income over FY12-FY16.

State Government Dependence: JNPP has a high dependence on the Uttar Pradesh (UP) government. It receives compensation in lieu of stamp duty and revenue grants for development purposes. Revenue compensation and revenue grants cumulatively contributed 86.38% to total revenue income during FY12-FY16.

Moderate Financial Performance: JNPP registered a moderate financial performance for FY16. Revenue receipts increased to INR360.34 million in FY16 from INR190.78 million in FY12, registering a CAGR of 17.2%. Also, its revenue balance improved to INR98.83 million in FY16 from INR23.14 million in FY12. It had an overall balance of negative INR59.40 million in FY16.

Rating Sensitivities

Positive: A significant improvement in JNPP's operating performance, delivery of civic services and timely execution of AMRUT projects would be positive for the rating.

Negative: Significant delays in the execution of urban civic service projects and deterioration in the financial performance of JNPP would be negative for rating.

Analysts

Naveen Singla
+91 11 4356 7289
naveen.singla@indiaratings.co.in

Shivam Bhasin
+91 11 4356 7291
shivam.bhasin@indiaratings.co.in

Profile

Jaunpur is a city and a municipal board in Jaunpur district in the state of Uttar Pradesh. It is spread over an area of around 25.3sqkm and is well connected from most of the major Indian cities through railways and roadways. It has four major railway stations. Jaunpur is well known for its monuments and holy places.

Institutional Framework

The functions of the municipality are devolved into six departments: Public Works, Public Health, Tax, Street Lighting, Advertisement and License. All these departments are under the control of an executive head. The council comprises 31 elected ward members.

As per Uttar Pradesh Municipalities Act 1916 as amended, the municipality's key role and responsibility is civic service delivery which involves preparation and implementation of supply of potable water, sewage disposal schemes, provision of basic sanitation through solid waste collection and disposal, low cost sanitation and surface drainage, street lighting facilities, urban road development and facilities for public convenience.

Other responsibilities include:

- Administrative services such as issuing various certificates, maintaining public amenities, providing and maintaining public utility services and providing ambulance services
- Regulatory services such as issuing licences and permits, registration of births, deaths, marriage, and private hospitals, issuing notices and certificates for taxation purposes, maintaining records and registers of all municipal transactions

Socio-Economic Profile

According to 2011 census, Jaunpur had a population of 180,362 with average literacy of the 81.2% and sex ratio of 925 females per 1,000 males.

Out of total population, 50,501 were engaged in work or business activity. Of this 41,735 were males while 8,766 were females. 35% of total male population are main (full time) workers and 9% are marginal (part time) workers. For women 7% of total female population are main (full time) and 4% are marginal workers.

Civic Services

Indian cities lack proper urban civic services. Government of India (GoI) through various programmes in the past has tried to address issues related to urban civic services - both coverage and quality. In the past, GoI has initiated programmes such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM - focusing on large urban local bodies (ULBs), state capitals and towns of tourist interest, focus was on 65 ULBs) and pooled finance scheme. However, these schemes failed to improve quality of urban civic services. Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) was one of the components of JNNURM.

Presently, GoI has initiated two programmes to improve quality of urban civic services – smart cities and AMRUT. Both these programmes are aimed improving urban quality of life.

Water Supply

The existing source of water supply throughout Jaunpur is mainly drawn from underground through 36 tube wells.

Figure 1

Population Growth – JNPP

Year	Population
1991	136,062
2001	160,055
2011	180,362

Source: Census 2011, Ind-Ra

Applicable Criteria

Sector Specific criteria on Local and State Government Rating Criteria, 11 September 2015

Figure 2
Water Supply Indicators

Service Levels	Benchmark	March 2014 Level	March 2015 Level	March 2016 Level	March 2017 Target
Coverage of water supply connections (%)	100	48	54	58.4	61
Per capita supply of water (lpcd)	135	82	92	88.9	93
Extent of metering of water connections (%)	100	0	0	0	0
Extent of non-revenue water (%)	20	20	12	3.7	4
Continuity of water supply (hrs)	24	9	9	9	10
Quality of water supplied (%)	100	87	93	90.2	95
Efficiency in redressal of customer complaints (%)	80	80	80	87.8	80
Cost recovery in water supply services (%)	100	100	18	14.9	16
Efficiency in collection of water supply related charges (%)	90	90	90	89.5	90

Source: SLIP, JNPP, Ind-Ra

The total quantity supplied is 36MLD and presently the corporation has a storage capacity of 10.59MLD. There are total 4 zones for water supply in JNPP. It is being supplied to consumers through direct pumping as well as elevated reservoirs. The total length of water supply distribution pipeline is of 94.55km.

Presently, there is no ongoing project in the city. However, under AMRUT, JNPP was sanctioned amount of INR210 million which will be spent up to FY20 for improvement of water facilities in the city mainly for construction of water testing labs, increasing the distribution network further by 14.18km and establishing online water testing & monitoring system.

Sewerage and Septage Management

The city does not have an underground sewerage system. Almost 100% of sewage flows in natural streams as effluent from the septic tanks is discharged in them and low lying areas. There is no sewage treatment plant and around 14MLD sewage waste is generated in the city. Out of the total occupied residential houses, about 99.2% have toilets in their premises.

Figure 3
Sewerage and Septage Service Level Benchmarks

Service Levels (%)	Benchmark	March 2014 Level	March 2015 Level	March 2016 Level	March 2017 Target
Coverage of toilets	100	100	100	99.2	100
Coverage of sewage network services	100	0	0	0	0

Source: SLB, JNPP, Ind-Ra

Presently, there is no ongoing project in the city. However, it is planned to establish sewer network of 154km along with the replacement of existing 14 km. Sewerage Treatment Plant (STP) with a capacity of 26MLD will be constructed. Under, AMRUT, around INR4,170.1million would be incurred over FY16-FY20 for the development and improvement of sewerage and septage systems.

Solid Waste Management

JNPP has no proper mechanism to collect solid waste in the city. It is collected from internal roads and streets by hand carts. Collected waste is stored at different open collection points. There is no scientific method for the disposal of solid waste in the city.

Figure 4

Solid Waste Management Service Level Benchmarks

Service Levels (%)	Benchmark	March 2014 Level	March 2015 Level	March 2016 Level	March 2017 Target
Household Level coverage of solid waste management services	100	-	-	-	-
Efficiency of collection of municipal solid waste	100	100	98	98.6	100
Extent of segregation of municipal solid waste	100	-	-	-	-
Extent of municipal solid waste recovered	80	-	-	-	-
Extent of scientific disposal of municipal solid waste	100	-	-	-	-
Efficiency in redressal of customer complaints	80	100	100	100	80
Extent of cost recovery in solid waste management services	100	-	-	-	-
Efficiency in collection of solid waste charges	90	-	-	-	-

Source: SLB, JNPP, Ind-Ra

Storm Water Drainage

The city lacks proper drainage system. At present, city's drainage network coverage covers 24%. There are no projects going on to improve storm water drainage facilities in the city and no amount was proposed under AMRUT.

Figure 5

Storm Water Drainage Indicators

Service Levels	Benchmark	March 2014 Level	March 2015 Level	March 2016 Level	March 2017 Target
Coverage of storm water drainage network (%)	100	24	24	24	24
Incidence of water logging/flooding (nos.)	0	9	18	0	0

Source: SLB, JNPP, Ind-Ra

Green Spaces and Parks

Under AMRUT, INR5.6 million will be incurred for development of parks & green spaces over FY17-FY20 period.

AMRUT Projects for Jaunpur City

The city has given importance to improvement in sewerage & septage management system and sanctioned a capital investment plan of INR4,385.7 million over five years (FY16-FY20).

Figure 6

AMRUT Investment Plan

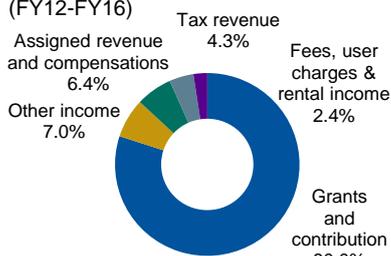
S.No.	Particulars	Amount (INR million)
1	Water supply	210
2	Sewerage & septage management	4,170.1
3	Drainage	0
4	Urban transport	0
5	Others (green spaces, parks, etc.)	5.6
	Total	4,385.7

Source: State Annual Action Plan FY15-16 – GoUP, Ind-Ra

JNPP will receive 50% of project cost as grants from Government of India and remaining 50% will be shared by State and Municipal Corporation. Out of remaining 50%, GoUP will provide 30% as grants and Municipality has to raise remaining 20% of the project cost (INR877.14 million) of its own.

Figure 7

JNPP Average Revenue Breakup (FY12-FY16)



Source: JNPP, Ind-Ra

Financial Performance

Revenue Income

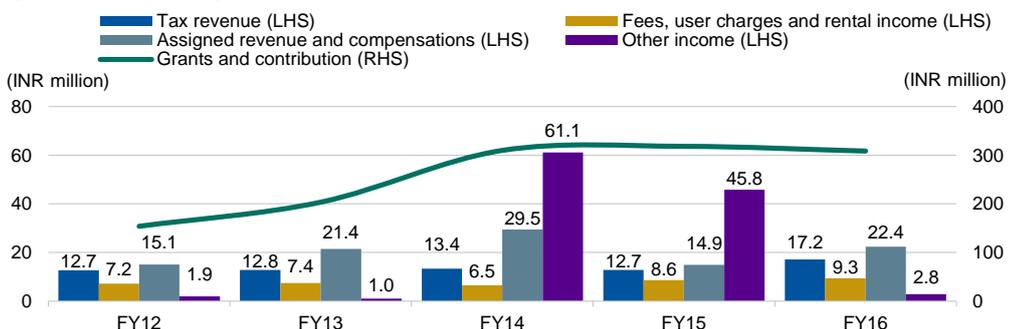
JNPP's own revenue source mainly comprises tax revenue and non-tax revenue. JNPP's tax revenue average contribution to the total revenue income was 4.25% over FY12-FY16 and non-tax revenue average contribution to the total revenue income was 2.41% during the period.

Revenue grants average contribution to the total revenue income was 80.0% over FY12-FY16; are used mainly for maintenance of the city, reimbursement expenses, implementing state government schemes.

JNPP's revenue receipts increased to INR360.34 million in FY16 from INR190.78 million over FY12-FY16 which grew at a CAGR of 17.2%.

Figure 8

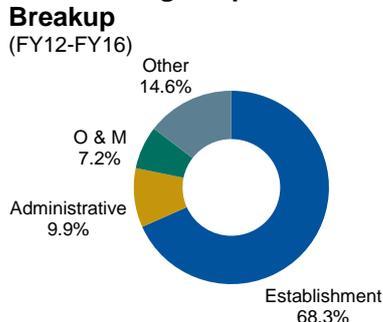
JNPP Revenue Streams



Source: JNPP, Ind-Ra

Figure 9

JNPP Average Expenditure Breakup (FY12-FY16)



Source: JNPP, Ind-Ra

Revenue Expenditure

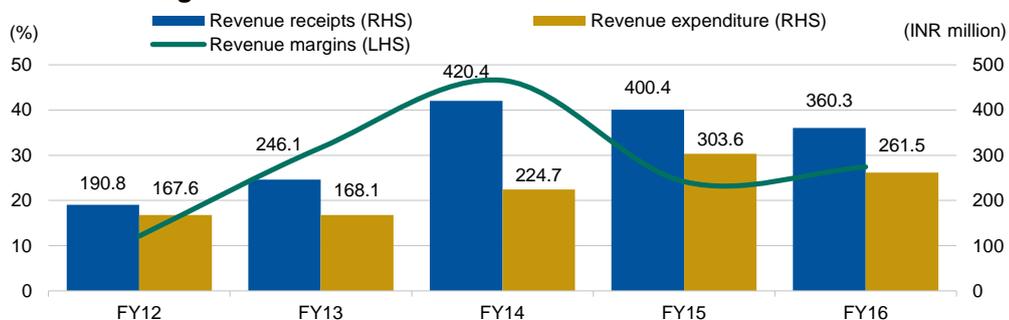
Establishment expenditure made 68.3% of the total current expenditure during FY12-FY16, growing at a CAGR of 7.87%. Establishment expenditure comprises mainly salary and pension to the employees. Operation and maintenance expenditure on various services accounted for 14.6% of total current expenditure during FY12-FY16. The total current expenditure increased to INR261.51 million in FY16 from INR167.64 million in FY12 which grew at a CAGR 11.76%.

Revenue Balance

JNPP revenue balance increased from INR23.14 million in FY12 to INR98.83 million in FY16. It peaked in FY14 at INR195.78 million.

Figure 10

Revenue Margins



Source: JNPP, Ind-Ra

Capital Income & Expenditure

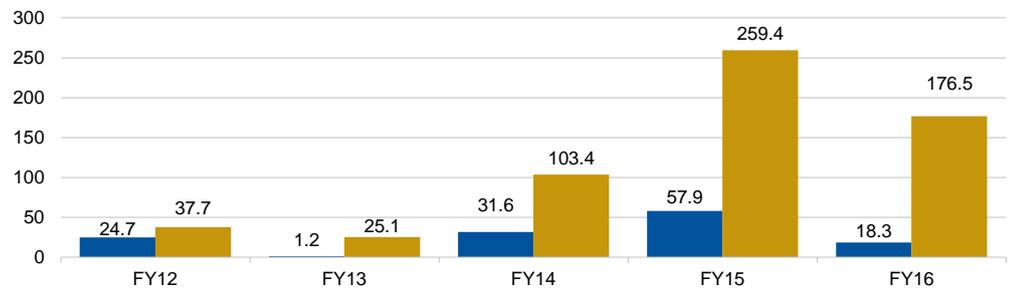
JNPP's Capital Income decreased at a CAGR of 7.22% during FY12-FY16 from INR24.71 million in FY12 to INR18.31 million in FY16.

Majority of capital expenses goes into capital works (schemes). Capital expenditure grew at a CAGR of 47.09% during FY12-FY16 from INR37.72 million in FY12 to INR176.54 million in FY16.

Figure 11

JNPP Capital Income and Expenditure

(INR million)



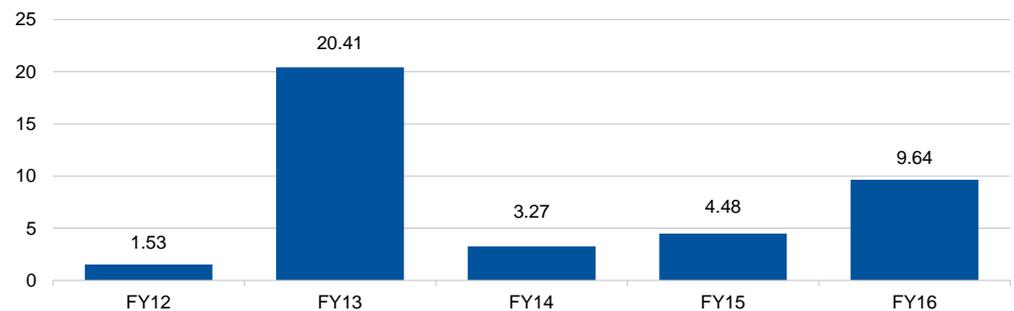
Source: JNPP, Ind-Ra

Capital Balance

The capital expenditure/capital income ratio during FY12-FY16 averaged at 7.87x. It has been in capital deficit since FY12.

Figure 12

Capital Utilisation Ratio (FY12-FY16)



Source: JNPP, Ind-Ra

Debt

JNPP was debt-free over FY12-FY16 and this supports the credit profile. However, the city requires huge investments to improve the quality of its civic services in coming years. Ind-Ra believes while the projects proposed under AMRUT will help in improving the quality of civic services in the city, it will exert pressure on the fragile fiscal profile of the city.

Figure 13
Financial Summary

Particulars (INR million)	Actuals				
	FY12	FY13	FY14	FY15	FY16
Revenue income					
Tax revenue	12.71	12.79	13.36	12.75	17.16
Non-Tax revenue	7.19	7.38	6.46	8.59	9.35
Charges	3.17	2.81	1.98	3.68	5.55
Fees	0.74	0.82	1.37	0.82	0.87
Rental income	3.28	3.75	3.11	4.09	2.93
Assigned revenue and compensation	15.07	21.41	29.47	14.90	22.37
Grants, contributions and subsidies	153.88	203.51	310.03	318.36	308.65
Other income	1.94	1.00	61.11	45.79	2.82
Total	190.78	246.10	420.43	400.38	360.34
Revenue expenditure					
Establishment expenditure	135.67	137.61	133.04	178.91	183.68
Administrative expenditure	21.54	11.84	26.50	22.24	29.17
O & M expenditure	9.98	8.01	15.97	16.73	30.35
Grants/contribution to allied institutions	0.04	0.00	0.00	0.00	0.00
Other expenses	0.41	10.68	49.15	85.69	18.32
Total	167.64	168.14	224.65	303.57	261.51
Revenue surplus/(deficit)	23.14	77.95	195.78	96.81	98.83
Capital income and borrowings					
Grants/contributions for capital works	23.76	0.00	30.38	53.52	0.00
Deposits received	0.94	1.23	0.74	0.33	0.20
B.R.G.F Fund	0.00	0.00	0.00	0.00	16.66
Swachh Bharat Mission	0.00	0.00	0.00	0.00	1.45
Revolving fund	0.00	0.00	0.50	4.01	0.00
Total	24.71	1.23	31.62	57.86	18.31
Capital expenditure					
Capital works	36.87	23.08	102.82	258.95	175.88
Deposit works	0.84	2.07	0.61	0.45	0.66
Total	37.72	25.14	103.43	259.40	176.54
Capital surplus/(deficit)	-13.01	-23.91	-71.81	-201.53	-158.23
Overall balance	10.13	54.04	123.97	-104.73	-59.40

Source: JNPP, Ind-Ra

Figure 14
Financial Ratios

Particulars	Actuals				
	FY12	FY13	FY14	FY15	FY16
Income ratios (%)					
Tax revenue to total revenue income ratio	6.66	5.20	3.18	3.18	4.76
Non tax revenue to total revenue income ratio	3.77	3.00	1.54	2.15	2.59
Assigned revenues & grants to total revenue income ratio	88.55	91.40	80.75	83.23	91.86
Own income to total revenue income	10.43	8.20	4.71	5.33	7.36
Expense ratios (%)					
Establishment expenses to total revenue income ratio	71.11	55.92	31.64	44.69	50.97
Operations & maintenance to total revenue income ratio	5.23	3.25	3.80	4.18	8.42
Establishment expenditure to total revenue expenditure ratio	80.93	81.84	59.22	58.94	70.24
Capital expenditure to total expenditure ratio	18.37	13.01	31.53	46.08	40.30
Operating ratio (times)					
Ratio of revenue expenditure to revenue income	0.88	0.68	0.53	0.76	0.73
Debt servicing ratio					
Debt payment to total revenue income ratio (%)	-	-	-	-	-
Debt service coverage ratio (times)	-	-	-	-	-
Capital utilisation ratio (times)					
Ratio of capital expenditure to capital income	1.53	20.41	3.27	4.48	9.64
Dependency ratio (%)					
Total grant income (both capital and revenue grants) to total income	82.44	82.28	75.30	81.15	81.51
Net income profitability ratios (%)					
Cash surplus/deficit to total income ratio	4.70	21.85	27.42	-22.85	-15.69
Net cash surplus (net of unspent capital proceeds)/(deficit) to total revenue income	5.31	21.96	29.49	-26.16	-16.48

Source: JNPP, Ind-Ra

Annexure I

AMRUT

Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme, launched on 25 June 2015, aimed at providing basic services to households and build amenities in cities to improve the quality of life, especially the poor and the disadvantaged. AMRUT focuses on ensuring water supply, sewerage and septage management, storm water drainage, urban transport and availability of green and open spaces, reform management and support, and capacity building.

The total central government outlay for AMRUT is INR500bn for five years from FY16 to FY20. The project fund will be divided among States/UTs at the beginning of each year. The Central Assistance (CA) for the projects will be in three instalments of 20:40:40 of the approved cost.

The use of state funds will be recommended by the State High Power Steering Committee (SHPSC) through State Annual Action Plan (SAAP). The funds allocated to MoUD will be utilised at the National Mission Directorate level (including the Urban Transport Division) for capacity building, Mission Directorate, convening national and regional workshops, giving awards and recognition of best practices, up-scaling and replication of best practices and smart solutions, commissioning of research and applied studies through institutions such as Centres of Excellence, and international cooperation for individual and institutional capacity building and technology development.

Planning

Under AMRUT, the following components have been introduced for better implementation of the project:

Service Level Improvement Plan (SLIP)

SLIP assesses the service level gap and the Urban Local Body (ULB) develops a plan to correct these gaps. After planning, a cost is estimated, and prioritizing of projects and zones is done. Financing of projects, including the Operation and Management (O and M) costs will be planned through the SLIPs.

State Annual Action Plan (SAAP)

The States decide on the inter-ULB allocation based on gap analysis and financial strength of ULBs. Typically the ULBs selected have higher gaps in provision of water supply and sewerage. At the State level the SAAP contains projects where the project cost is linked with revenue sources. Funds are provided by AMRUT to ULBs through the States.

Resource Person

A Project Development and Management Consultant (PDMC) will be stationed in cities having population greater than five lakh and serving all surrounding AMRUT cities having population below five lakh. Each PDMC will have one state office. The scope of PDMC under the proposed mission will be divided into four broad components namely Planning, Design and Supervision and Project Management.

Programme Management

National Level

Mission will be supervised by an Apex Committee (chaired by the Secretary, MoUD), which would be responsible for approving State Annual Action Plan (SAAP) and allocate and release funds to states/UTs/Mission Directorate on formulating threshold of physical progress of project.

It would monitor and supervise the mission, and act as an advisory committee on innovative ways for resource mobilization, private financing and land leveraging. The committee is also held accountable to confirm appointment of organizations, institutions or agencies for third party monitoring; and delegate some of its functions to the Mission Director.

State Level

The mission would be steered by a State Level High Powered Steering Committee (chaired by the State Chief Secretary), which would identify the gaps in infrastructure based on State Level Benchmarks, need for individual and institutional capacity building, ways and means to achieve urban reforms, finalisation of financial outlays, etc. of the Mission Cities/Towns. It would also approve and plan the fund flow of projects.

The committee will supervise and monitor the progress of project, recommend proposals for release of instalment of funds, recommend roadmap and milestones for implementation of reforms in the state/ULBs, and audit the release of funds and review Action Taken Reports.

City Level

The Urban Local Bodies will be responsible for implementation of the mission through development of Detailed Project Reports (DPRs) and bid documents for projects in the approved SAAP, procurement of implementation agencies and ensuring timely completion of work.

The ULBs are responsible for developing a roadmap for Reform Implementation and Capacity Building, and building coordination and collaboration among stakeholders for timely completion of projects without escalation of project cost.

Thrust areas of the mission are:

- Water supply
- Sewerage facilities and septage management
- Storm water drains - to reduce flooding
- Urban transport - pedestrian, non-motorized and public transport facilities, parking spaces, and
- Others - enhancing amenity value of cities by creating and upgrading green spaces, parks and recreation centres, especially for children

Fund Allocation

1. The total outlay for AMRUT is Rs.50,000 crore for five years from FY 2015-16 to FY 2019-20 and the Mission will be operated as a Centrally Sponsored Scheme. The AMRUT may be continued thereafter in the light of an evaluation done by the MoUD and incorporating learning's in the Mission. The Mission funds will consist of the following four parts:
 - i. Project fund - 80% of the annual budgetary allocation
 - ii. Incentive for Reforms - 10% of the annual budgetary allocation
 - iii. State funds for Administrative & Office Expenses (A&OE) - 8% of the annual budgetary allocation
 - iv. MoUD funds for Administrative & Office Expenses (A&OE) - 2% of the annual budgetary allocation

However, for FY 2015-16 the project fund would be 90% of the annual budgetary allocations incentive for Reforms will be given only from FY 2016-17 onwards. The Mission funds would be allocated to States/UTs based on the following principles.

2. Project Fund

The project fund will be divided among States/UTs at the beginning of each year. An equitable formula will be used to distribute the annual budgetary allocation in which equal (50:50) weightage is given to the urban population of each State/UT (Census 2011) and the number of statutory towns in the State/UT. As the number of statutory towns are notified by States/UTs and will change during the Mission period, the formula will take into account changes in this number every year. The amount of project fund allocated will be informed to the States/UTs at the appropriate time. The Central Assistance (CA) for the projects will be in three instalments of 20:40:40 of the approved cost.

3. Incentive for Reform

One purpose of the Mission is to improve governance through a set of Reforms. During the Mission period, 11 Reforms will be implemented. The list is given in Annexure 1. The following principles will govern the grant of incentives to States.

- i. Past experience shows that projects get delayed if release of project funds is linked to non-completion of Reforms. Therefore, the AMRUT shifts from penalization to incentivization. Ten percent of the annual budget allocation shall be kept apart and given to the States/UTs every year as incentive for achievement of Reforms. The Mission will give incentives for the previous year at the start of the succeeding financial year (FY). The States/UTs shall do the self-assessment in the prescribed procedure given in Table 5.5 of Annexure 2. The National Mission Directorate, on receipt of the self-assessment, will announce the award of incentive to the States
 - ii. The incentive fund is an additionally that will be provided by the MoUD and no matching funds will be required to be given by the State/ULB
 - iii. The State High Power Steering Committee (SHPSC) will decide the use of the incentive amount. The incentive award will only be used in Mission cities on admissible components of the AMRUT, including new projects. The SHPSC will inform the MoUD of the use of incentive funds on projects
 - iv. The incentive cannot be used as the State share in project in the AMRUT, but can be used by the ULBs for their project funding
 - v. Unutilised funds for Reform incentives will be transferred to Project Fund every year
4. State Fund (Administrative & Office Expenses)
- i. The funds will be allocated to all States/UTs on the equitable formula given in para 4.2
 - ii. The use of these funds will be recommended by the SHPSC and will form a part of the State Annual Action Plan (SAAP)
 - iii. This fund will be utilised for capacity building programmes and will not be used for purchase of vehicles, construction and maintenance of buildings, creation of posts, payment of salary and purchase of furniture and fixtures, etc.
 - iv. Hiring of professionals and support teams on contract to support the implementation of Mission at all levels will be permissible as set out in the guidelines and after following fair and transparent procedures
 - v. The funds for capacity building will be released in similar instalments as given for project funds above
 - vi. Taking up activities connected to E-Municipality as a Service (E-MAAS)
 - vii. Displaying the logo and tagline of AMRUT prominently on all projects
 - viii. Institutional arrangements that support Mission implementation will be eligible to be funded from this fund, including on-going comprehensive Capacity Building Programme (CCBP) and Independent Review & Monitoring Agencies (IRMA)
5. MoUD Fund (Administrative & Office Expenses)
- i. The fund will be utilized at the National Mission Directorate level (including the Urban Transport Division) for capacity building, Mission Directorate, convening National & regional workshops, giving awards and recognition of best practices, up-scaling and replication of best practices and smart solutions, commissioning of research and applied studies through, say, Centres of Excellence and other institutions and international cooperation for capacity building and technology development
 - ii. Taking up activities connected to E-MAAS
 - iii. The Apex Committee will decide on the use of these funds for any other purpose

Components to be funded

The funding pattern of projects indicating the share of Central Government/State Government/ULBs/private sector is given below.

Figure 15

Component Funding Pattern

S.No.	Components	Funding pattern
1	Water Supply: <ul style="list-style-type: none"> New, augmentation and rehabilitation of water supply system Rejuvenation of water bodies for water supply and recharge of ground water Special arrangements for difficult areas, hills and coastal cities 	<ul style="list-style-type: none"> One-third of the project cost as grant from Gol for cities with a population of above 10 lakh One-half of the projects cost as grant for cities/towns with population up to 10lakh Balance funding by State Governments /ULBs or through private investment
2	Sewerage: <ul style="list-style-type: none"> New, augmentation and rehabilitation of sewerage systems and treatment plants Recycling water for beneficial purposes and Reuse of waste water 	<p>(The contribution of State Government is minimum 20%. There is no upper limit on State share in SAAP) The tender will include O & M for five years based on user charges. For the purpose of calculation of the project cost, the O&M cost will be excluded; however, the States/ULBs will fund the O&M through an appropriate cost recovery mechanism in order to make them self-reliant and cost-effective. The SLIPs (refer para 6) will first provide for provision of water and sewerage connections to all households.</p>
3	Septage: <ul style="list-style-type: none"> Faecal sludge management – (cleaning, transporting and treatment), particularly mechanical & biological cleaning of septic tanks and sewers 	
4	Storm water drains: <ul style="list-style-type: none"> Construction & improvement of drains and storm water drains 	
5	Urban transport: <ul style="list-style-type: none"> Sidewalks, foot over bridges, non-motorized transport, buses, BRTS, multilevel parking, waterways and ferry vessels 	One-half of the project cost by Gol and the total expenditure on these projects will not exceed 2.5% of the State Annual Action Plan (SAAP).
6	<ul style="list-style-type: none"> Development of green spaces and parks with special provision for child-friendly components. For parks, ULBs will have to establish a system for maintenance with local resident participation 	
7	Capacity Building and Reforms support	Full (100%) by Gol, based on existing norms and unit costs set by the Apex Committee.
8	A&OE (PMU/PIU/DPR cost, etc.)	

Source: Ind-Ra

Figure 16
Reforms Milestones and Timelines for AMRUT Cities

S.No	Type	Milestones	Implementation timeline
1.	E-Governance	Digital ULBs	6 months
		<ol style="list-style-type: none"> 1. Creation of ULB website 2. Publication of e-newsletter 	6 months 6 months
		Digital India Initiatives	
		<ol style="list-style-type: none"> 3. Support Digital India (ducting to be done on PPP mode or by the ULB itself) 	
		Coverage with E-MAAS (from the date of hosting the software)	24 months
		<ul style="list-style-type: none"> • Registration of Birth, Death and Marriage • Water & Sewerage Charges • Grievance Redressal • Property Tax • Advertisement tax • Issuance of Licenses • Building Permissions • Mutations • Payroll • Pension 	
		e-procurement	36 months
		<ul style="list-style-type: none"> • Personnel Staff management and • Project management 	
2.	Constitution and professionalization of municipal cadre	1. Establishment of municipal cadre	24 months
		2. Cadre linked training	24 months
		3. Policy for engagement of interns in ULBs and implementation	12 months
		4. The State will prepare a Policy for Right-sizing the number of municipal functionaries depending on, say, population of the ULB, generation of internal resources and expenditure on salaries	36 months
3.	Augmenting double entry accounting	1. Complete migration to double entry accounting system and obtaining an audit certificate to the effect from FY2012-13 onwards	12 months
		2. Appointment of internal auditor	24 months
		3. Publication of annual financial statement on website	Every year
4.	Urban planning and city level plans	1. Preparation of Master Plan using GIS	48 months
		2. Preparation of Service Level Improvement Plans (SLIP), State Annual Action Plans (SAAP)	6 months
		3. Establish Urban Development Authorities	36 months
		4. Make action plan to progressively increase Green cover in cities to 15% in 5 years	6 months
		5. Develop at least one Children Park every year in AMRUT cities	Every Year
		6. Establish a system for maintaining of parks, playground and recreational areas relying on People Public Private Partnership (PPPP) model	12 months
		7. Make a State level policy to implement the parameters given in National Mission for Sustainable Habitat	24 months
5.	Devolution of funds and functions	1. Ensure transfer of 14th FC devolution to ULBs	6 months
		2. Appointment of State Finance Commission (SFC) and making decisions	12 months
		3. Implementation of SFC recommendations within timeline	18 months
		4. Transfer of all 18 functions to ULBs.	12 months
6.	Review of building by-laws	1. Revision of building bye laws periodically	12 months
		2. State to formulate a policy and action plan for having a solar roof top in all buildings having an area greater than 500 square meters and all public buildings	12-24 months
		3. State to formulate a policy and action plan for having Rain water harvesting structures in all commercial, public buildings and new buildings on plots of 300 sq. meters and above	12-24 months
		4. Create single window clearance for all approvals to give building permissions	12 months
7.	Set-up financial intermediary at state level	Establish and operationalize financial intermediary- pool finance, access external funds, float municipal bonds.	12-18 months
8.	Municipal tax and fees improvement	1. Atleast 90% coverage	12 months
		2. Atleast 90% collection	
		3. Make a policy to, periodically revise property tax, levy charges and other fees	
		4. Post Demand Collection Book (DCB) of tax details on the website	
		5. Achieve full potential of advertisement revenue by making a policy for destination specific potential having dynamic pricing module	
8.	Improvement in levy and collection of user charges	1. Adopt a policy on user charges for individual and institutional assessments in which a differential rate is charged for water use and adequate safeguards are included to take care of the interests of the vulnerable	12 months
		2. Make action plan to reduce water losses to less than 20 % and publish on the website	
		3. Separate accounts for user charges	
		4. Atleast 90% billing	
		5. Atleast 90% collection	
9.	Credit rating	1. Complete the credit ratings of the ULBs	18 months

10.	Energy and water audit	1.	Energy (Street lights) and Water Audit (including nonrevenue water or losses audit)	12 months
		2.	Making STPs and WTPs more energy efficient	12 months
		3.	Optimize energy consumption in street lights by using energy efficient lights and increasing reliance on renewable energy	12 months
		4.	Give incentives for green buildings (e.g. rebate in property tax or charges connected to building permission/development charges)	24 months
11.	Swachh Bharat Mission	1.	Elimination of open defecation	36 months
		2.	Waste Collection (100%)	
		3.	Transportation of Waste (100%)	
		4.	Scientific Disposal (100%)	

Source: Ind-Ra

Annexure II

AMRUT Project Approvals – Uttar Pradesh

In AMRUT, State Annual Action Plan (SAAP) is approved by Ministry of Urban Development (MoUD) once a year and GoUP gives project sanctions and approval.

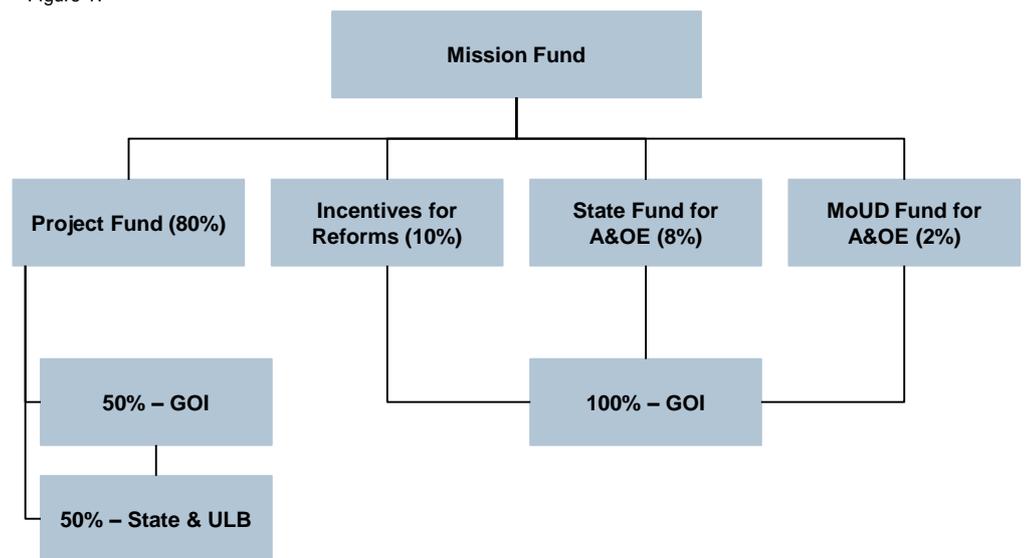
Process for project approval includes identification of different city level projects after consultations with stakeholder and Service Level Improvement Plans (SLIP). The identified projects are then put up to State Level Technical Committee (SLTC) for approval. The approved projects and SLIPs are aggregated to form State Annual Action Plan (SAAP). SAAP is submitted to State Level High Powered Steering Committee (SHPSC) (chaired by the State Chief Secretary) for their consideration and is finally recommended to Apex Committee (chaired by the Secretary, MoUD), for their approval.

AMRUT Funding Pattern – Uttar Pradesh

For cities having population above one million, GOI, GOUP and ULB each will contribute 1/3 share and for cities having population up to 1 million GOI, GOUP and ULB will contribute 50%, 30% and 20% share respectively. Also for the water supply projects being executed by UP Jal Nigam, ULB share shall be borne by the concerned ULB.

For AMRUT fund, a dedicated bank account has been opened and GOI fund is transferred directly to this account including the matching share of the State and the ULB.

Figure 17



Source: Ind-Ra

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