



## GOVERNMENT OF KERALA

### Abstract

Local Self Government Department – LIFE Mission - HUDCO Loan of Rs. 217.22 Crore for providing LSGI share in PMAY(Urban) Scheme -Sanction accorded- Previous order cancelled and Orders issued.

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### LOCAL SELF GOVERNMENT (DE) DEPARTMENT

G.O.(Rt)No.1429/2024/LSGD Dated, Thiruvananthapuram, 03-08-2024

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Read 1 G.O. (Ms.) No.140/2023/LSGD dated 17.01.2023

2 Letter No. KURDFC/LM/21517/2023 dated 25.05.2024  
from the Managing Director, KURDFC.

3 G.O. (Rt) No.1087/2024/LSGD dated 20.06.2024

4 Letter No. KURDFC/LM/21517/2023 dated 19.07.2024 from  
the Managing Director, KURDFC.

### ORDER

As per Government order read as 1<sup>st</sup> paper above, sanction was accorded for availing loan for an amount of Rs.217.22 Crore from HUDCO through KURDFC for providing LSGI share to 10,861 beneficiaries included in the DPR for PMAY(Urban) scheme, approved by the central Government at the rate of Rs.2 lakh per beneficiaries. The amount was sanctioned with Government Guarantee for providing LSGI share to LIFE beneficiaries through KURDFC subject to certain conditions.

2. The Managing Director, KURDFC vide letter read as 2<sup>nd</sup> paper above has requested to issue modified orders including the conditions in the loan sanction letter of HUDCO for obtaining the loan amount of Rs 217.22 crores .Vide Government order read as 3<sup>rd</sup> paper above Government have modified the G.O read as first paper above by including certain additional conditions as requested by KURDFC.Again Vide the letter read as 4<sup>th</sup> paper above the Managing Director, KURDFC

requested further clarifications in the matter.

3. Government have examined the matter in detail and are pleased to integrate and modify the Government Orders read above as follows so as to ensure the timely release of the loan amount of Rs 217.22 crore for Urban sector from HUDCO for the project:

- i. As part of the Total Housing Programme under PMAY(U), it was decided to take up the construction of houses for the eligible beneficiaries for a total number of 10861 beneficiaries in urban area.
- ii. KURDFC will avail a loan of Rs.217.22 crore from HUDCO for disbursing LSGI share to 10861houses under PMAY(U).
- iii. The total fund source for the component of providing houses under LIFE Mission to the above mentioned beneficiaries will be met from the loan to be availed by KURDFC from HUDCO, the grant provided by the Government and the own share of the respective LSGIs.
- iv. For the loans thus raised, the Government will repay the principal amount of the loan by making upfront deduction of the required amount from the Development Grant of LSGIs provided by the Government in the Annual Budget of the State every year and make the deducted amount available to KURDFC at the beginning of every financial year on annual basis, till the completion of HUDCO loan repayment for which maximum tenure is fifteen years. The Government will provide sufficient Development Grant to the LSGIs in the State's Annual Budget every year till the completion of HUDCO loan repayment. In case of any shortfall in the deduction of Development Grant, then the same will be met by State Govt. by appropriate Budgetary Support.
- v. In order to facilitate the deduction of Development Grant of LSGIs as above, an agreement will be executed between KURDFC and each LSGI for which a separate Government Order will be issued.
- vi. The payment of interest for the loan amount will be met from the plan provision earmarked in the Annual Budget by the Government each year. Government shall ensure sufficient budget provision towards the interest dues of HUDCO loan every year. Interest for the year 2024-2025 will be met from the budget provision towards interest payment of HUDCO loan for LIFE scheme. For the subsequent years, Planning Board will make appropriate provision in the Annual Budget each year to meet the interest cost till the completion of HUDCO loan repayment.

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

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

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

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

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

xii. For the above purpose, KURDFC have to sign an agreement with HUDCO in the format and also execute an MoU with Canara Bank.

xiii. For LSGIs with very high number of houses to be built, where deduction of the principal amount of the loan from Plan Grant would affect the fund availability of such LSGIs, a proposal has to be submitted by LIFE Mission through LSGD for additional Government Grant to those LSGIs. State Planning Board should

make sufficient provision each year in the plan budget for meeting this extra burden of LSGIs.

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

4.The Government order read as 3<sup>rd</sup> paper above stands cancelled.

(By order of the Governor)  
DR SHARMILA MARY JOSEPH  
PRINCIPAL SECRETARY

To:

The Co-ordinator, Navakeralam Karma Padhathi, BSNL Bhavan,  
Uppalam Road Statue.

Principal Director, LSGD, Thiruvananthapuram.

The Chief Executive Officer, LIFE Mission.

Executive Director, Kudumbasree, Thiruvananthapuram.

Deputy general Manager, HUDCO, Regional Office, Saphalyam  
Complex, Palayam, Thiruvananthapuram.

The Managing Director, KURDFC.

Finance (WCD) Department, vide E-2612141 WCD-3/243/2023-FIN

The Principal Accountant General, (Audit), Kerala,

State Performance Audit Officer, Thiruvananthapuram.

Executive Director,Information Kerala Mission

Information Officer, Web & New media

Stock File.

Forwarded /By order

Section Officer