

16– 07 – 2024

News: AMRUT scheme

- Recently, the AMRUT scheme has garnered attention due to the challenges it is facing in addressing infrastructure issues related to water, mobility, and pollution.

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

- Atal Mission for Rejuvenation and Urban Transformation (AMRUT) was launched by Prime Minister of India Narendra Modi in June 2015 with the focus to **establish infrastructure that could ensure adequate robust sewage networks and water supply for urban transformation** by implementing urban revival projects.
- It is being implemented by **Ministry of Housing and Urban Affairs**.
- The Mission covers **500 cities** that include **all cities and towns with a population of over one lakh with notified Municipalities**.
- The purpose of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) is to **Ensure that every household has access to a tap with assured supply** of water and a sewerage connection, Increase the **amenity value of cities**

by developing greenery and well maintained open spaces (e.g. parks) and Reduce pollution by switching to public transport or constructing facilities for non-motorized transport (e.g. walking and cycling).

- Total outlay for AMRUT is Rs. 50,000 crores for five years from FY 2015-16 to FY 2019 – 20 and the Mission and is being operated as Centrally Sponsored Scheme. The project fund is divided among States/UTs in an equitable formula in which 50:50 weightage is being given to the urban population of each State/ UT and number of statutory towns.
- The Mission is encouraging and supporting the States in conducting reforms that will improve the financial health of the ULBs, delivery of citizen services, transparency and cut the cost prices.
- Recently, Lucknow became the ninth city to raise municipal bonds, incentivized by the Ministry of Housing and Urban Affairs under Mission AMRUT.

Municipal Bonds

- Municipal bodies can also raise funds through bond issuances, called municipal bonds.
- The debt raised is from investors like pension funds.
- These bonds, like the state development bonds, are not backed by a sovereign guarantee.

- A sovereign guarantee is typically provided by the central government promising debt repayment for a third party in case of a default by the latter.
- Due to this, the interest rates on municipal bonds are also higher than the interest rate on central government securities and State Development Loans (SDLs).
- Municipal bonds have gained traction over the last few years with civic bodies raising funds to meet the rising requirements under the flagship Smart City Mission and Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme of the central government.