

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

Municipal Administration And Urban Development(CRDA) Department – Proposal for Development of Infrastructure facilities in Amaravati City by APCRDA, approvals and issue of Government Guarantees for APCRDA for various loans and availing credit facilities and approval to execute the works relating to Government employee housing project – Approved – Orders -Issued.

**MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (CRDA.2) DEPARTMENT**

**G.O.Ms.No.65**

**Dated:08.02.2018**  
**Read the following:**

1. From the Commissioner, APCRDA, Lr.No.CRDA-13021(36)/24/2017-SE-UTILITIES-APCRDA, dt.04.09.2017.
2. Govt.Memo.No.260384/CRDA/2017, dt.27.11.2017 & 18.01.2018.
3. From the Commissioner, APCRDA, Vijayawada, Lr.No.13023(36)/24/2017-SE-Utilites-APCRDA-Part(2), dt.07.12.2017

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**ORDER:**

Government of Andhra Pradesh (GoAP) is developing the new Capital City – Amaravati, post bifurcation of State of Andhra Pradesh. Andhra Pradesh Capital Region Development Authority (APCRDA) was formed under the Andhra Pradesh Capital Region Development Authority (APCRDA) Act- 2014 as planning and development authority of capital region development area, undertaking construction of new capital and for managing and supervising urban services. The Development of Amaravati Capital city is unique and one of its kind, unprecedented in terms of size and scale wherein several Tier 1 or Trunk infrastructure and Tier 2 or Last mile infrastructure works are being taken up simultaneously in addition to the development of the Amaravati Government complex including Secretariat, Legislative Assembly, Legislative Council, High Court, Raj Bhawan, CM Bunglow and Government Employee Housing for the state.

2. Financial plan for the Capital City, consisting of various sources of funds including multilateral and domestic loans and innovative funding mechanisms like domestic Bonds, Masala Bonds and PPP has been prepared by APCRDA through McKinsey & Co., the Strategic Management Consultants of APCRDA. A capex of Rs.30,000 Crores has been estimated over the next 3 years for infrastructure and other development expenses and the same was approved vide Authority Resolution 85/2016 during the 7th Authority meeting dated.07.12.2016. Procurement process is completed for trunk roads and utilities and Government Employee Housing while procurement is underway for LPS infrastructure.

3. In the reference 1<sup>st</sup> read above, the Commissioner, APCRDA submitted a consolidated proposal to the Government vide Letter LT.No.CRDA-13021(36)/24/2017-SE-UTILITIES-APCRDA, providing background of Amaravati project, its funding plan, the need for Government support and a request for comprehensive support for Government approval. Further administrative sanction for construction of Government housing of 3840 units comprising of 84,57,078 sq ft

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of super built up area constructed in 65.4 acres of plot area and construction of VIP housing of 186 units with total built up area of 10,04,045 sq ft, at a total cost of 3306.8 crores is sought.

4. In the reference 2<sup>nd</sup> read above, Government informed to the Commissioner, APCRDA, Vijayawada, that in order to facilitate CRDA to obtain credit facilities at a lesser cost of capital for developing infrastructural facilities, Government has considered giving in-principle approval for extending Government Guarantee for all the loans taken by it subject to following conditions:

- i. Regarding Loan from HUDCO, extending Government Guarantee can be considered only if the rate of interest is less than 8%. CRDA shall take immediate steps to negotiate with HUDCO to reduce the rate of interest. If the HUDCO doesn't show interest for reduction of interest rates, Govt can facilitate arranging loans from other SCBs with rate of interest less than 8% by extending Govt Guarantee, if required.
- ii. Government Guarantee for the loans proposed to be taken for Employee Housing Loan and other infra structural developments will be extended subject to taking the loans with interest rate less than 8%.
- iii. In the reducing interest rates regime, Bonds for long durations with fixed rate of interest shall be tried only when the rates of interest are far below the interest rates for term loans with appropriate clauses for recall options. CRDA may approach GOI for permitting to issue infrastructure bonds with tax reliefs to achieve the coupon rate for the bonds less than 6%. Bonds option shall be explored only when the coupon rate is less than the interest rate charged by SCBs for term loans.
- iv. Budgetary support will be extended only for employee housing scheme.
- v. Repayment of principal and interest by CRDA itself other than employee housing scheme.
- vi. Payment of one time Guarantee Commission of 2% of the loan amount for which Government Guarantee extended.

5. Accordingly, in the reference 3<sup>rd</sup> read above the Commissioner, APCRDA has submitted the proposal of Development of Infrastructure facilities in Amaravati City by APCRDA and issue of Government Guarantees for APCRDA.

6. After careful examination of the proposal of the Commissioner, APCRDA for Development of Infrastructure facilities in Amaravati City and issue of Government Guarantees for APCRDA, the Government hereby approve the following:

- (i) Issue of Government Guarantee for raising funds through Domestic as well as Masala Bonds up to Rs.2000 crores and for hybrid annuity based PPP for development of LPS infrastructure across 5 Zones for a project cost of Rs.10,732 crores.

- (ii) Administrative approval for construction of Government employee housing for a project cost of Rs.3,306.8 crores and budgetary support including payment of principal and interest and permit APCRDA to execute the project.

7. The Commissioner, APCRDA shall take further necessary action accordingly and also advised to follow the conditions laid down at para 4 above.

8. This order issues with the concurrence of Finance (DM) Department, vide their **U.O.No.22029/7/2017,(Computer No: 266751) dt.06.02.2018.**

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)**

**AJAY JAIN  
PRINCIPAL SECRETARY TO GOVERNMENT (CRDA)**

**To**

The Commissioner,  
Andhra Pradesh State Capital Regional Development Authority,  
Vijayawada.

**Copy to:**

PS to Chief Secretary/Chief Minister/Principal Secretary

General Administration (Cabinet) Department

The PS to Hon'ble Chief Minister

The PS to Hon'ble Minister for Municipal Administration and Urban Development  
Department

The PS to Hon'ble Minister for Finance

The PS to Chief Secretary

**SF/SC.**

**//FORWARDED::BY ORDER//**

**SECTION OFFICER**