

# Maharashtra Urban Infrastructure Development Company Ltd.

... Catalysing growth through urban infrastructure



**MUINFRA**

## ABOUT MUIF

The Maharashtra Urban Infrastructure Fund (MUIF) is a Trust Fund set up by the Government of Maharashtra and the Mumbai Metropolitan Region Development Authority (MMRDA) to help the Urban Local Bodies and other agencies in developing infrastructure for promoting economic progress and improving the quality of life in the urban areas of Maharashtra.

The Trustee of the MUIF is a company called the Maharashtra Urban Infrastructure Fund Trustee Co. Ltd. (MUIFTCL), which was jointly set up by the Govt. of Maharashtra and the MMRDA. The MUIFTCL has constituted 3 Funds within the framework of the MUIF, namely, (1) Project Development Fund (2) Project Finance Fund; and (3) Debt Service Reserve Fund. The MUIF is managed by another company named the Maharashtra Urban Infrastructure Development Co. Ltd. (MUIDCL).

### **MAHARASHTRA URBAN INFRASTRUCTURE DEVELOPMENT COMPANY LTD. (MUIDCL)**

#### **Board of Directors**

The Principal Secretary, UDD

The Metropolitan Commissioner, MMRDA

The Principal Secretary, WS&SD

The Secretary, Special Projects, GAD

The Secretary, Environment Dept.

The MUIDCL has the mandate to help the Urban Local Bodies (ULBs) and other Project Implementing Agencies (PIAs) in improving their urban and environmental infrastructure (which includes water supply, sewage disposal and sanitation, solid waste management, solid and liquid waste and effluent treatment plants, roads, bridges, flyovers, by-passes, storm water drainage, street lighting, traffic and transportation systems, area development, public markets, infrastructure pertaining to health, education, sports and recreation, fire fighting, energy saving in urban infrastructure projects, projects under Clean Development Mechanism etc.) by utilizing the following funds :-

### **Project Development Fund**

This fund is created with the objective of -

- (I) Developing projects including those based on PPP;
- (ii) Advising Project Implementing Agencies (PIAs) including the ULBs regarding project financing and assisting them in raising funds from various sources;
- (iii) Providing loan assistance to PIAs for development of projects;
- (iv) Building capacities of ULBs and PIAs; and
- (v) Providing policy support to the State Government and collaborating with the State Govt. in development of urban infrastructure.

### **Project Finance Fund**

This fund aims at providing loan assistance for execution of PPP and Non-PPP projects.

### **Debt Service Reserve Fund**

This fund has been set up to provide financial guarantees for raising loans from other agencies.

Thus MUIDCL is positioned to facilitate the entire process from identification of priority projects to their preparation, funding and execution.

## Project Development Fund (PDF) Scheme

Under the PDF Scheme, the MUIDCL would help the Project Implementing Agencies (PIAs) including the ULBs in the following tasks :

1. Assisting ULBs in preparing City Development Plans;
2. Preparing bankable infrastructure projects with the help of a panel of technical experts/consultants/transaction advisors etc. or providing interest free or soft loans / grants (depending on the financial condition of the PIA) for development of PPP-based or other types of urban infrastructure projects;
3. Obtaining / arranging funds from various sources for development of PPP or Non-PPP projects;

Government of Maharashtra and the State agencies in benchmarking, policy analysis, design of sector strategies, system development, formulation of model guidelines and information management; and

8. Providing support for policy reforms to the Government of Maharashtra.

In cases, where the MUIDCL develops projects or helps PIAs in obtaining finance, the costs incurred on these activities are to be recovered from the concerned agency along with a success fee as a proportion of the project development cost to be decided based on the nature of the project, subject to a ceiling of 25% of the project development cost. The interest-free or soft loans provided for project development are also to be recovered from the PIA as



4. Facilitating access to institutional finance and / or capital market for projects and advising the PIAs on the activities required for improving their credit-worthiness;
5. Promoting private and community sector participation in urban infrastructure projects;
6. Initiating, promoting, financing and sustaining urban institutional reforms through capacity building (Training and knowledge management), efficiency improvements and demonstration projects;
7. Carrying out studies and assisting the

per the tenor and the rate of interest decided by the MUIDCL in the light of the financial condition of the PIA as assessed by the MUIDCL. In case of default in the repayment towards the project development cost or success fee or towards repayment of loan and interest, the MUIDCL would request the State Govt. to intercept the grants payable by the Govt. to the concerned PIA.

## Project Finance Fund (PFF) Scheme

Under the PFF Scheme, the MUIDCL would borrow and lend funds for priority urban infrastructure projects to the PIAs, which find it difficult to directly

raise funds from the financial institutions or capital market. The MUIDCL would assist the PIAs under this Scheme as follows :

1. Carrying out technical and financial appraisal of the projects and the borrowing agencies with the help of empanelled technical experts / consultants / transaction advisors etc.;
2. Providing loan assistance in the form of Viability Gap Funding (VGF) for PPP projects; and
3. Providing loan assistance towards substantial cost funding of Non-PPP projects.

The amount of loan assistance will depend on the extent of funding admissible to the project from other sources, including grant from the Government under any Scheme or Programme, and would be subject to the funding pattern of the concerned Scheme or Programme. The interest rates on the loans offered would vary depending on the Class of the Municipal Councils and the Municipal Corporations, the financial condition of the PIA, the nature and priority of the projects and also on the cost and tenor of the borrowing by the MUIDCL.

Before advancing the loan, a tripartite loan agreement between the MUIDCL, the Borrowing Agency and the State Government will be executed. The loan, along with interest, processing fee, commitment charges and delayed payment charges, if any, would be recovered as per the terms of the Tripartite Agreement. In case of default in the repayment of loan, interest or any other dues, the MUIDCL would request the State Govt. to intercept the grants payable

by the Govt. to the concerned Borrowing Agency.

The Loan Application Form can be downloaded from the MUIDCL website - [www.muidcl.com](http://www.muidcl.com).

### **Debt Service Reserve Fund (DSRF) Scheme**

Under the DSRF Scheme, the MUIDCL would provide guarantees for the loans being raised by the PIAs in the following manner :

1. Appraisal of debt guarantee proposals with the help of a panel of technical experts / consultants / transaction advisors etc.;
2. Reducing the cost of capital by providing financial guarantee for debt raised or providing any other form of guarantee;
3. Organizing credit enhancement mechanisms and formalising and monitoring the Borrowing Agency level mechanisms such as escrow, loan repayment fund etc.; and
4. Exploring and using other mechanisms to substitute or supplement direct guarantees provided under the DSRF Scheme.

In cases, where the MUIDCL provides guarantees, a fixed fee in proportion to the debt guaranteed will be charged. In case of invoking of guarantee and related payment, such amount paid by the MUIDCL will be recovered along with interest. In case of default in the payment towards such guarantee payments made by the MUIDCL and the guarantee fee, the MUIDCL would request the State Govt. to intercept the grants payable by the Govt. to the concerned Borrowing Agency.



# **MUINFRA**

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