

## Municipal Market Newsletter: July'17 – November'17

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This newsletter is a compilation of the activities and developments taking place in the domestic and global Municipal Government / Urban Local Bodies (ULB) space in the last 5 months.

### India: Fund Raising by Municipal Governments

- **Municipal Corporations could potentially tap the bond market to raise funds.** (Source: Bloomberg quint, July 4, 2017)

As the Pune Municipal Corporation received bids for more than six times its Rs. 200-crore offer, other Civic bodies of New Delhi, Ahmedabad and Vishakhapatnam have to raise funds by selling bonds. The proceeds are planned to be used for infrastructure projects, mainly power projects.

States	City	Issue Size
Delhi	New Delhi	Rs. 200 Crore
Telangana	Hyderabad	Rs. 1000 Crore
Gujarat	Ahmedabad	Rs. 200 Crore
Andhra Pradesh	Vishakhapatnam	Rs. 200 Crore

- **Ludhiana Municipal Corporation (LMC) ties up with foreign firm to issue public investment bonds.** (Source: Times of India, Oct. 16,2017)

The Ludhiana municipal corporation has entered into an agreement with a foreign company to issue bonds for public investment. This move is expected to supplement finances of the cash-strapped Municipal Corporations. These funds will be used to pay off pending unpaid salaries, finance the smart city expenses.

- **Over Rs 50K cr of municipal bonds may be on offer soon as 26 cities get ready to hit market.** (Source: Money Control)

In the next three years 26 cities with A+ credit rating are planning to raise over Rs 50,000 crore, following the footprints of PMC.

- **Vijayawada Municipal Corporation is set to borrow 100 cr. from banks with a government backed guarantee.** (Source: The Hans India, Nov 04, 2017)

Vijayawada Municipal Corporation (VMC) plans to borrow Rs 100 crore from banks. This loan will be raised to complete the JNNURM housing pending works at Ajit Singh Nagar and will be backed by the government guarantee.

## Initiatives and reforms undertaken by Municipal Governments:

- **The Municipal Corporation of Bathinda to take up projects worth Rs 1.5 cr.**(Source: Tribune India, Nov 3, 2017)

Amidst finance crunch, where the salaries of the employees are not being paid off, projects worth Rs. 1.5crore are approved by the Municipal Corporation. The cleared projects involve maintenance of 25 streetlight points, installation of a reverse osmosis (RO) plant, construction of public toilets, and purchasing three hydraulic trolleys to lift garbage.

- **Agra Municipal Corporation to spend Rs 25 crore on development works.** (Source: Times of India, Oct 15, 2017)

Agra Municipal Corporation floated tenders worth Rs. 25 crore to clear the development works like up gradation of drainage system, road construction, solid waste management, toilet construction and infrastructural arrangements for the proposed development of a waste-to-energy plant and purchase of machines and equipment.

- **East Delhi Municipal Body Plans Waste-To-Energy Plant at Ghazipur in order to minimize the trash for dumping.** (Source: NDTV, Oct. 16, 2017)

Concerned about Fire Incidents in Dump yards and challenged by the idea of recycling and leaving minimum trash for dumping, the East Delhi Municipal Corporation is planning to set up a waste-to-energy plant of 2,000 MT capacities at Ghazipur landfill site.

- **Newer areas to be merged with Vijayawada Municipal Corporation (VMC)** (Source: The Hindu, oct. 31, 2017)

46 villages with over 4.8 lakh population will be merged with the VMC which will emerge as Greater Vijayawada Municipal Corporation with a population of over 18 lakh. It is proposed that the greater city be divided into eight zones for administrative purposes and will be headed by zonal commissioners. Surveys are conducted to assess the Tax prospects and the scope to provide basic amenities as well as other civic infrastructure.

- **Kolkata Municipal Corporation to set up a committee on insecure buildings and help the tenants with the rehabilitation.** (Source: Times of India, Sept. 6, 2017)

After the collapse of an unsafe building the Municipal Corporation has decided to set up a committee for finding a solution to city's insecure buildings. The KMC councilors will identify the number of insecure buildings in a particular ward, motivate the tenants to move out of the hazardous buildings and assure them of a proper rehabilitation package till the property is re-developed.

- **Nagpur Municipal Corporation are using cybertech's geocivic platform for property tax assessment.**(Source: Business World, Oct. 17, 2017)

Nagpur Municipal Corporation (NMC) launched GeoSpatial-enabled property tax assessment application, as a part of the property tax digitalization initiative. The application is India's only cloud-based platform for property tax digitalization. This move aims to provide a hassle-free option for property tax assessment and also provides a platform to raise objection, if any, against property assessment.

- **Chandigarh Municipal Corporation approves 10 per cent hike in property tax with effect from 2017-18.** (Source: The Indian Express, Aug. 31, 2017)

The General House of the Chandigarh Municipal Corporation stated that according to the self-assessment scheme of property tax on commercial, industrial and institutional land and buildings in Chandigarh, rates of property tax were to be reviewed and revised periodically, that is every three or five years since 2003, but it wasn't done resulting in a loss of Rs 92.04 crore.

- **North Delhi Municipal Corporation has enforced waste segregation and the defaulters to be penalized.** (Source: India Today, Aug. 7, 2017)

The North Delhi Municipal Corporation has given orders for segregating waste in localities for recycling or composting. Else, action is to be taken against the resident welfare associations (RWA), market associations, and gated communities with more than 5,000 sq. m. area and restaurants and hotels if the solid waste management rules are not followed.

- **Centre has asked New Delhi Municipal Council (NDMC) to ensure completion of its smart city by 2020.** (Source: Times of India, July 17, 2017)

The civic body has been told to start executing the Rs 1,800-crore plan for smart city development from October this year for which tendering process is underway. As per the timeline, projects worth Rs 500 crore will begin by next March. The projects include setting up of a unified command and control Centre, smart water and power grids, multilevel parking at Khan Market, sensor-based smart parking, public bike sharing, converting an additional 333 classrooms into smart ones, sewage treatment plants and smart public hygiene Centre.

- **Kolkata Municipal Corporation brings the street food vendor's under the umbrella of registration, making it compulsory to get one as per the FSSAI norms.** (Source: Times of India, Aug. 31, 2017)

The Municipal Corporation implemented the plan to bring city's food vendors under a compulsory registration scheme. The idea is to ensure hygiene of the food being sold in the open as prescribed by Food Safety & Standards Authority of India (FSSAI). The KMC in collaboration with FSSAI will train city's food vendors or hawkers on how to prepare food following basic health standard and sell the same following the hygiene norms.

- **South Delhi Municipal Corporation (SDMC) initiates the demolition of illegal structures.** (Source: Times of India, Aug. 2, 2017)

The SDMC will soon start to demolish the illegal construction in areas under its jurisdiction. The nodal steering committee (NSC) has directed all Deputy Commissioners to stop construction on properties facing litigation at an early stage itself.

- **Citizens of Goa to make payment of municipal taxes, fees online** (Source: Times of India, Oct. 14, 2017)

In a move to increase the ease of doing business, all the 14 municipal towns in the state will soon be able to avail of civic services and pay municipal bills by logging onto a website. Payment of house tax, property tax and payment for other services will be through the online portal. The department of industrial policy and promotion has asked all municipal and panchayat bodies to specify the information and fees levied by local bodies on an online portal.

- **Agra Municipal Corporation's decision of installing 2000 LED street lights to lead to a saving of Rs 14 lakh/month.** (Source: Times of India, Sept. 25, 2017)

After installing energy efficient light emitting diode (LED) street lamps, civic body has managed to cut down on both the power consumption for illuminating city roads by 400 kilowatt as well as was also able to reduce monthly bills by more than Rs 14 lakh a month. The Agra Municipal Corporation (AMC) under a pilot project had replaced 2,000 old sodium lights with LEDs.

- **Ghaziabad Municipal Corporation conducted a survey to identify village encroachments.** (Source: Times of India, Oct. 4, 2017)

A survey has been launched by Ghaziabad Municipal Corporation (GMC) to identify the extent of land encroachment in 48 villages that fall under its notified limit areas. The primary reason for undertaking the survey is to identify government lands within municipal corporation limits that have been usurped by encroachers. The survey report will be given to the anti-land mafia cell that has been constituted by the administration. The cell will take a final call on the method in which the land will be reclaimed from the encroachers.

- **Vizag Municipal Corporation takes up solar energy project as a part of the Smart City endeavor.** (Source: The Business Line, Aug. 23, 2017)

Greater Visakhapatnam Municipal Corporation (GVMC) undertook a floating solar power project to generate 2 MW and further another solar project was taken up on Raiwada water supply canal to generate 5 MW. The GVMC will be taking help of the 20 resident welfare associations to promote solar energy.

- **Punjab increases charges like Change of Land Use for the residential category in municipal areas.** (Source: Hindustan Times, Oct. 25, 2017)

In Punjab, to get a change in the status of a property a few property charges have been hiked by 25-50% for residential category, which are –

- change of land use (CLU),
- external development charges (EDC),
- urban development cess (UDC) and
- Permission fee (PF).

The same charges are reduced by 25% in case of commercial properties, marriage palaces, petrol pumps, hotels, hospitals, institutions and others. The Municipal Corporation claims to have taken this decision in order to bring parity among the charges levied.

- **Nagpur Municipal Corporation to set up the first animal carcass incinerator as part of the solid waste management project.** (Source: Times of India, Oct. 8, 2017)

The Nagpur Municipal Corporation (NMC) is to set up the city's first carcass incinerator for disposing dead animals. The proposal in this regard finds place in Nagpur Municipal Corporation's revised development plan report of city's Rs308 crore solid waste management projects under Swachh Bharat Mission (SBM).

- **No property tax will be levied on Mumbai homes with 500sqft carpet area, also 60% discount will be given for houses up to 700sqft.** (Source: Hindustan Times, Jul. 7, 2017)

The Brihanmumbai Municipal Corporation passed a resolution waiving property tax for houses with a carpet area up to 500 square feet. Owners of houses between 500 square feet and 700 square feet will be given a 60% concession in their property tax.

- **Greater Hyderabad Municipal Corporation launched second water ATM in the city.** (Source: BW SMARTCITIES, Business World, Sept. 19, 2017)

Safe Water Network, a global NGO, in partnership with Greater Hyderabad Municipal Corporation (GHMC) has launched their second water ATM in a span of 10 days, providing affordable, 24x7 safe water accesses in Hyderabad. As a part of the first phase, 50 water ATMs of the 200 planned will be set up, reaching more than 150,000 people. Consumers can collect water that is affordably priced at Re 1 per glass, Rs. 2 per litre, Rs. 5 per 10 litres and Rs 10 per 20 litres.

- **Vijayawada Municipal Corporation plans to introduce a 6-km green corridor on inner ring road of the city.** (Source: Times of India, Nov. 1, 2017)

The civic body of Vijayawada had launched works to renovate Rajiv Gandhi Park and Raghavaiah Park in the city. Now, it is heading to take up the green corridor project on either side of the inner ring road. The civic officials have already conducted a feasibility study on the project and have taken up plantation and lawns development on priority.

## Global

- **City of Ottawa prices Canada's first municipal green bond.** (Source: Times of India, Nov. 3, 2017)

The City of Ottawa priced its first green bond offering, raising C\$102 million (\$79.6 million) of a 3.25 percent bond that matures in November 2047. The deal, which is the first municipal sale in Canada of the climate friendly debt, was priced at a spread of 97 basis points over the Government of Canada benchmark. The proceeds raised will be used for light rail transit capital work that meets the requirements of its Green Bond Framework.

- **U.S. municipal bond sales fall, on course for long-term supply drop.** (Source: Reuters, Aug 7, 2017)

U.S. states, cities, school districts and other borrowers in the \$3.8 trillion municipal bond market are selling less debt this year, with issuance dropping 13.1 percent to \$210.7 billion through July 31 versus the same period last year. The drop is driven by the plummeting refunding volumes which dominated the issuance calendar last year.

- **China's finance ministry has created a new type of bond for local government fund raising amid rising risks and irregularities in borrowing.** (Source: South China Morning Post, Aug. 3, 2017)

Unlike the current bonds in the market which were repaid from general fiscal revenue, the new bonds will only be covered by returns from the projects being funded by these bonds itself. These bonds will be limited to the government projects of land and toll roads.

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