

## Municipal Corporations Monthly Newsletter- October'14

*This newsletter is a compilation of the latest activities and developments taking place in the domestic and global Municipal Corporations space. It covers region wise latest developments pertaining to Municipal Corporations during October and provides an update on the latest relevant happenings in Municipal space.*

### India

❖ **Andhra Pradesh State government to issue municipal bonds to raise fund for development of new capital**

Andhra Pradesh state government will soon issue municipal bonds named 'Build Andhra' to raise funds for development of the new state capital. The new state capital is planned to be developed in the first phase, in an extent of 25,000 acres land between Vijayawada and Guntur cities, though the exact location is yet to be finalised. The state government also plans to go for land pooling to get the required land for capital's development. (Source: Business Standard)

❖ **Vadodara Municipal Corporation to collect Entertainment tax on Cable TV connections**

The entertainment tax department of district administration has been collecting the entertainment tax on cable connections in the city so far. Recently, as per the notification of the state government, the entertainment tax on cable connections paid by the cable operators will now be collected by the Vadodara Municipal Corporation (VMC). It also states that the present collection of entertainment tax in the city is pegged at around Rs.40 lakh per annum. (Source: Times of India)

❖ **Nagpur Municipal Corporation to complete road repairing works by the end of December'14.**

With the conclusion of monsoons, the Nagpur Municipal Corporation (NMC) has set the target to complete road repairing works by December end which means that the citizens will have to endure the bad road and potholes for the next two months. It has also been brought to the notice that the road works approved in the last fiscal are yet to be executed even after six months of the current financial year have passed. (Source: Times of India)

❖ **Surat Municipal Corporation to map Green areas.**

Surat Municipal Corporation (SMC) would soon start a tree census in the city in an attempt to keep a count on the kind and variety of green wealth. This is the first city in the state of Gujarat which has opted to go for a green census. This is to enable officials to identify the different kinds of trees that can be grown in the city and an understanding of areas which would require plantation. The SMC has hired the service of a Mumbai-based firm Saar IT Resourcing Private Limited for this purpose. (Source: Deccan Herald)

❖ **Indore Municipal Corporation plans to set up its ambitious waste-to-energy (WTE) plant.**

Due to lack of sanitation in the city, the IMC is probing 'energising' ways to improve solid waste management. It has been planning to set up a waste –to –energy (WTE) plant fuelled by some 300 metric tonne of municipal waste. However, it is yet to seek clearance from the court. (Source: Hindustan Times)

❖ **Chandigarh Municipal Corporation spends over Rs.99 lakh on 'Study Tour's in four years**

Chandigarh Municipal Corporation has spent Rs 99.2 lakh on "study tours" in the last four years, with 13 such tours undertaken by its officials and councillors, according to information obtained under the RTI Act. In FY15, alone the MC has undertaken five study tours Apart from Nashik and the recent tour to Chennai, Kolkata and Andaman and Nicobar Islands, three other tours were undertaken by MC officials and councillors to Delhi, Ahmedabad and Hyderabad. On these five tours, the MC spent Rs 26.08 lakh, and another about Rs 5 lakh is yet to be released to a travel agency. (Source: The Indian Express)

❖ **Vadodara Municipal Corporation plans to generate roof top solar power**

Vadodara Municipal Corporation (VMC) plans to set up a project that would generate solar energy by installing rooftop solar plants on three large establishments of the civic body. The VMC is hoping to earn revenue from the project without having to make any expenses. The civic body's standing committee has cleared a proposal regarding the solar energy project. The civic body has been approached by an agency recognized by Gujarat Power Corporation Ltd. for the power project. (Source: Times of India)

## **Other Asian Countries**

❖ **China mulls using Muni Bonds for Local Projects from 2016 onwards**

Ministry of Finance, China has internally circulated a draft document proposing rules to rein in the swelling local government debt. The rules proposed in the draft document require the provincial governments to finance their ongoing projects solely through municipal bond sales after Dec,31 2015 while replacing borrowings taken through opaque financing vehicles. (Source: Bloomberg Businessweek).

❖ **Gangwon province to issue Municipal bonds for PyeonChang winter Olympic Games.**

Gangwon regional headquarters of the Korean Government Employees' Union requested 100% government funding for the PyeonChang winter Olympic Games on October 7 worrying over the decision to issue 100 billion won (US\$93.7 million) worth of municipal bonds next year. The Gangwon province already has 580 billion (US\$543 million) of debt. After issuing 100 billion won of municipal bonds, Gangwon Province might go bankrupt. At least 300 billion won is required for Gangwon Province to bear for further preparations, including construction of stadiums. Given this situation, Gangwon Province still believes that issuing municipal bonds is inevitable. (Source: Business Korea).

## Africa

### ❖ Kampala to issue first Municipal Bond

Kampala plans to issue the country's first municipal bond by June 2015 to finance infrastructure development needed to change it into a modern commercial hub. Noticeably, Uganda witnessed a rush of foreign investment into its power, transport and hospitality segments. This has led to increasing demand for new infrastructure like roads. Therefore, the Kampala city being the largest and the capital city of Uganda, its officials estimate that the city will need about \$6 billion to invest in its infrastructure over the next ten years. (Source: *Newvision- Uganda's leading daily*).

## USA

### ❖ Municipal Bonding up as Minnesota recovers

Minnesota state in the Midwestern United States, is currently on pace for its second biggest bonding year in the past decade. In the past nine months, governments have issued \$4.9 billion in municipal bonds, compared with \$3.1 billion by the same time a year ago. The rise is partly due to passage of the state's \$1 billion bonding bill, including debt issued by school districts, cities, counties and utilities. This year, Duluth is borrowing \$2.3 million for a recreational centre, Wayzata voters approved \$109 million in bonding for its schools, and Mankato issued \$1.9 million in bonds for multifamily housing. (Source: *Star Tribune – A media LLC., October 18, 2014*).

### ❖ New Federal Rule opens the door to counting municipal bonds in bank assets

A new federal rule excludes muni bonds from the liquid assets that banks must hold in case of an emergency. Issued by the U.S. Federal Reserve, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, the rule exists to make sure banks have enough assets on hand that can quickly be converted to cash in the event of a financial crisis. (Source: *Governing – The states and Localities*)

### ❖ Forty Fort gets state grant for Municipal improvements

The Borough of Forty Fort has been awarded an \$825,306 Multimodal Transportation Fund Investment grant. The grant will be used to upgrade traffic signals at Wyoming Avenue, Slocum Street and Welles Street; make improvements to sidewalks and lighting at the borough building; and for the paving of 20 alleyways throughout the borough, according to state Sen. Lisa Baker, R-Lehman Township, whose district includes Forty Fort. (Source: *Citizensvoice.com*)

## UK

### ❖ UK moves to set up municipal bond agency

UK local government councils are looking to set up a new municipal bonds agency that will issue debt on their behalf. An interim project team has been appointed to set up the operational infrastructure of the agency, following an initial round of fundraising. (Source: *FTSE- Global Markets*).

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