

## Municipal Corporation Newsletter: September 2020

*This newsletter is a compilation of recent activities and developments that have taken place in the domestic and global Municipal Government / Urban Local Bodies (ULB) space.*

### Contact:

**Madan Sabnavis**  
Chief Economist  
madan.sabnavis@careratings.com  
91-22-6837 4433

### Author:

**Sushant Hede**  
Associate Economist  
sushant.hede@careratings.com  
91-22-6837 4348

**Mradul Mishra (Media Contact)**  
mradul.mishra@careratings.com  
91-22-6754 3573

### Regulatory

- **Municipal bond issuers need to disclose borrowings, revenue grant details in offer documents**

SEBI has informed that issuers of municipal debt securities will have to disclose details of all borrowings (including outstanding debt) and revenue grant details of the last 3 years in the offer documents.

### Measures Undertaken by Urban Local Bodies amidst COVID-19

- **Jaipur Municipal Corporation rolls back one-time urban development tax**

Jaipur Municipal Corporation has rolled back its previous order that allowed residents to pay urban development tax at one go. In the previous order, a person could pay urban development tax at one go for 8 years. The reason for roll-back is the alterations in the properties by the people after making a one-time advance tax payment.

- **Brihanmumbai Municipal Corporation (BMC) to dip into reserves to deal with COVID-19 crisis**

Brihanmumbai Municipal Corporation which has faced 41% revenue loss in the first 6 months of FY21 is planning to withdraw Rs 5000 crs from its reserves (in fixed deposits). In order to prevent any further financial crisis, the civic body has approved a budgetary cut of Rs 2,500 crs from its capital expenditure in FY21. BMC has incurred losses from delayed collection of property tax, water and sewerage tax and also loss of income in the development plan department.

- **Thane Municipal Corporation collects Rs 152 crs of property tax within 1.5 months**

Thane Municipal Corporation has collected Rs 152 crs within 1.5 months despite the current pandemic situation as there was a special team formed in July 2020 to undertake this process.

**Disclaimer:** This report is prepared by CARE Ratings Ltd. CARE Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Ratings is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE Ratings has no financial liability whatsoever to the user of this report

- **Ahmedabad Municipal Corporation approaches World Bank**

Owing to the outbreak of the COVID-19 pandemic, Ahmedabad Municipal Corporation has been struggling with its finances and therefore has approached the World Bank for a soft loan of Rs 3,000 crs. The loan is likely to be utilized for sewage treatment plants, storm water drainage system, rehabilitation of existing sewers and development of tertiary development plans.

- **Pune Municipal Corporation announces amnesty scheme for property tax defaulters**

The standing committee of the PMC has approved the amnesty scheme for property tax defaulters. As per the scheme, if the defaulters repay the amount from October 2 to November 30, then they will be eligible for 80% relief in the fine amount. Also, only those having dues less than Rs 50 lakh can take benefit of this scheme. It is expected that the corporation is likely to garner Rs 1,000 crs through this amnesty scheme.

- **Bengaluru Municipal Corporation plans to set-up smart vending zones**

The team from Bengaluru Municipal Corporation gathered technical and project implementation related details from the Dehradun municipal corporation for developing smart vending zones in Bengaluru. The officials also said that this project will help in identifying street vendors to further facilitate loan disbursements under the Pradhan Mantri Street Vendor's AtmaNirbhar Nidhi.

- **Solan, Mandi Municipal Council upgraded as Municipal Corporations**

Solan and Mandi town which were Municipal Corporation were upgraded as the third and fourth Municipal Corporation in Himachal Pradesh.

## Global Developments

- **US Municipalities selling taxable bonds at near record pace**

State and local governments have sold taxable bonds of \$92 bn during Jan – August 2020, which is 1/3<sup>rd</sup> of all the long term municipal bonds sold in 2020 and is also the most since 2010. 10 year AA-rated taxable municipal bond is trading at around 1.64%, 21 bps higher than 10 year AA rated corporate bonds. As corporate bond yields remain depressed, it is luring the investors to buy municipal bonds.

- **High buying of municipal bonds by insurance companies**

Insurance companies appear to be buying American municipal bonds amidst the COVID-19 pandemic. 15% of the insurance companies in US, Canada and Bermuda have increased their allocations in state and local government debt instrument while 5% have trimmed the allocation.

- **Chicago is considering the issue of pension bond**

Chicago is planning to raise funds aggregating \$3.9 bn via a pension obligating bond to pay its rising outstanding pension liability. In addition, Chicago also plans to raise funds via general obligation and sales-tax backed bonds to meet shortfalls in revenues.

**CARE Ratings Limited**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022. CIN: L67190MH1993PLC071691

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457

E-mail: [care@careratings.com](mailto:care@careratings.com) | Website: [www.careratings.com](http://www.careratings.com)

Follow us on  /company/CARE Ratings  
 /company/CARE Ratings