



Uttarakhand's efforts towards issuing Municipal (Muni) Bonds

Why In News

- Recently Dr. Uttarakhand Urban Development Director Lalit Mohan Rayal said that the credit rating of eight municipal corporations of the state will be done on the basis of which these municipal corporations will be able to raise funds by issuing bonds for the development of cities.

Key Point

- The municipal corporations for which credit rating will be conducted include Dehradun, Haridwar, Roorkee, Kashipur, Rudrapur, Haldwani, Rishikesh and Kotdwar.
- In Uttarakhand, the continuous dependence on the government due to low income and high expenditure in the municipal bodies has affected the development work and hampers the discharge of salaries, pensions and other expenses of the employees. In such a situation, getting the credit rating of the municipal corporations done is a step in the right direction.
- The 15th Finance Commission report on local bodies has also stressed on the need for the governance structure of the city and their financial empowerment.
- **A municipal (muni) bond is a debt security issued by a state, municipality or county to finance its capital expenditure**, including the construction of highways, bridges or schools, etc.
- In order to clarify the regulatory position of municipal bonds and to make them safe for investors, the **Securities and Exchange Board of India (SEBI)** had issued detailed guidelines for issuance and listing of municipal bonds in March 2015.
- It may be mentioned that **Bangalore Municipal Corporation is the first urban local body to issue municipal bonds in India in the year 1997.**

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