

## Proposal to support Urban Local Bodies (ULBs) in issuance of Municipal Bonds

Committee on Public & Government Financial Management <cpf.aslb@icai.in>

Tue 2022-12-13 14:43

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Shri Manish Singh  
Principal Secretary  
Urban Development & Housing Department (UD&HD)  
Madhya Pradesh

Dear Sir,

### **Sub: Proposal to support Urban Local Bodies (ULBs) in issuance of Municipal Bonds**

### **Greetings from the Committee on Public and Government Financial Management (CP&GFM) of the Institute of Chartered Accountants of India (ICAI)!!**

Post 73<sup>rd</sup> and 74th Constitutional Amendments, the roles and responsibilities of ULBs in India have increased. It necessitates more funds by ULBs to carry out the entrusted functions considering growing population and their increased demands of urban infrastructure and other amenities. The own resources of the ULBs are not sufficient to meet out increased funding requirements. Therefore, ULBs need to access capital market to raise funds by issuing municipal bonds.

Since issuing bonds is a way of sourcing money from the public, the aspects of transparency in financial reporting, fund management and governance aspects in ULBs are gaining importance. In this direction, the Securities and Exchange Board of India (SEBI) has issued regulations for issuance and listing of municipal bonds in 2015 (which were amended in 2019), according to that ULBs need to improve their fiscal health and report the financials in a transparent and timely manner to raise funds as per Prevailing Accounts Manual or Accounting Standards/policies.

We may inform you that the ICAI, as a partner in nation building, is involved in the accounting reforms and improvement in financial reporting and management of Government (including ULBs) in India. The ICAI through CP&GFM is issuing Accounting Standards for Local Bodies (ASLBs available at [https://www.icai.org/post.html?post\\_id=1527](https://www.icai.org/post.html?post_id=1527)). The Committee is also involved in creating awareness amongst Local Bodies and various end-users about accounting reforms and its implementation in Local Bodies by organising workshops/ training programmes ([https://icaity.com/category.php?cat\\_id=22](https://icaity.com/category.php?cat_id=22)) and developing e-learning modules ([https://icaity.com/category.php?cat\\_id=21](https://icaity.com/category.php?cat_id=21)). The Committee had issued one publication namely "Municipal Bonds for Financing Urban Infrastructure in India: An Overview" (2020 edition is available at <https://resource.cdn.icai.org/61217cpfgm49796.pdf>).

CP&GFM hereby proposes to offer its support to ULBs to improve their financial reporting and management system. For this purpose, trainings may be organised jointly by ICAI and your organisation on implementation of accrual accounting system (that is an essential condition for municipal bonds issuance) and relevant SEBI requirements. For such trainings, ICAI will provide the faculty and the cost for the faculty will be borne by the ICAI. Other logistics arrangements will be required to be made by your organisation and the cost in this regard will also be borne by your organisation.

We look forward to your positive response in this regard. We hope that this collaboration would benefit the ULBs and society at large.

Thanking You,

Yours sincerely,

**CA. Kemisha Soni**  
**Chairperson**  
**Committee on Public and Government Financial Management**  
**The Institute of Chartered Accountants of India**

**CA. Sridhar Muppala**  
**Vice-Chairperson**

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