

(\*) In order to improve ease of living in Indian cities, urban local bodies need to have wider access to financial resources.  
Explain.

India is facing rapid urbanisation.  
A third and a half of its population is already living in high density areas.  
Urbanisation will continue to rise with economy moving towards more connected global ecosystems.

Urban India contributes 70% of GDP but the poor quality infrastructure means the need to invest in it is well recognised.

High powered Committee on Urban Infrastructure estimated the investment for urban infrastructure at Rs 39 trillion between 2011-2031.

⇒ Need for ULB to have financial access

- ULB's can play vital role in developing urban infrastructure

- In China, ULB relies on land sales to generate income and reinvest

in other projects.

- Indian ULB have some land & buildings but most are owned by private or govt agencies
- Investment by ULB requires large Capex since they do not have assets to sell & recycle.
- Capex through debt will ensure evenly distributed growth & economic returns can be used to repay debt.

⇒ way forward :-

- Accessing market for funds will help.

But it will require

(i) ULB to have "predictable" revenue stream from tax & non tax sources

(ii) "Capacity building" - ULB need to get their accounting & reporting in order to attract investors & to identify new ~~new~~ revenue streams, plug leakages, improve collections etc.

ETF like Bharat Bond ETF can be used by

ULB

(iii) "Innovation" required for debt structuring; pooling municipal bonds with suitable risk-return trade offs.

This unlocking urban financing is key to get urban investment kick started. It will improve 'ease of living'