

CHAPTER 6.1

URBAN DEVELOPMENT

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The Status Of Urban Local Bodies

6.1.1 The Constitution (74th) Amendment Act, 1992 was intended to give a more focussed thrust to decentralisation and the creation of a democratic governance structure with local responsibilities being assumed and managed at the local level. It was to address the inadequacies of the existing system of municipalities, redefine the relationship between the states and municipal bodies and lay the foundations of a new approach to urban management and governance that could fulfill the needs and aspirations of urban residents for development. Article 243W of the Act mandated the setting up of elected municipalities – urban local bodies (ULBs) - as the 'institutions of self-government'. The important features of the Act are well-known but bear repetition since all of them have not been acted upon. These are :

- Regular elections under the supervision of the state Election Commission;
- a clear tenure of five years for the elected body;
- protection for the elected body against arbitrary dissolution;
- constitution of Wards Committees for greater proximity to the citizens;
- mandate to state legislature to endow the ULBs with such powers and authority as may be necessary to enable them to function as 'institutions of self-government';
- the Twelfth Schedule which illustrates the range of responsibilities to be given to the ULBs;
- the constitution of State Finance Commissions (SFCs) to review municipal

finances and make recommendations regarding distribution of the proceeds of state-level taxes between the state governments and the ULBs, criteria for grants-in-aid, measures needed to improve the financial position of the municipal bodies, etc.;

- setting up District Planning Committees and Metropolitan Planning Committees for integrated as well as coordinated planning for urban and rural areas by the various agencies involved in providing civic, transport, economic and social services.

6.1.2 It is significant that apart from the traditional municipal functions, Article 243W allocates to ULBs the function of 'preparation of plans for economic development and social justice', and the Twelfth Schedule contains 'urban poverty alleviation' as a municipal responsibility. These take municipal bodies from being mere providers of civic amenities to a much wider arena of action encompassing economic and social planning. The Constitutional amendment has designed the ULBs as comprehensive institutions of urban self-government, and has left the details to be worked out by the state legislatures.

6.1.3 The state governments have carried out the required amendments to the municipal laws in accordance with their own requirements and some states have even enacted fresh legislation. Elections under the new dispensation have been held in most states, more than once in many. The enthusiasm among urban residents for the ULBs has been amply demonstrated by the fact that voter turnout in elections has been in the range of 65 to 70 per cent, much higher than the participation in elections to Parliament and state legislature. There are around 73,000 elected representatives in the ULBs all over the country. It has, therefore, rightly been observed that 'the democratic structure of the

country is no longer limited only to the Parliament and the state legislatures'. Now there is no denying the fact that the elected ULBs are full-fledged institutions of local self-government, a key part of democratic decentralisation in the country.

6.1.4 The challenge to be met in the Tenth Plan period is to assist these elected bodies to grow organically to fulfill the demands of urban residents for a quality of life in line with world standards. There is no doubt that the urban governance will progressively be managed at the local level ensuring better opportunities for people to express their needs and expectations, and with professional competence and capacity supplementing the democratic nature of the ULBs. The credit for this goes to the 74th Constitutional amendment, though it has been the subject of much debate from the outset.

The Urbanisation Scenario in India

6.1.5 The Provisional Census Data of the 2001 Census reveals several significant facets of urbanisation over the last decade. Of the 1.02 billion population, 285 million or 27.8 per cent live in the urban areas which comprise 5,161 towns, an increase of 2.1 per cent over the proportion of urban population in the 1991 Census. Table 6.1.1 gives the proportion of urban population to total population between 1961 and 2001:

Table 6.1.1
Proportion of Urban Population & total Population

Year	Per cent
1961	17.97
1971	19.91
1981	23.34
1991	25.71
2001	27.78

6.1.6 There is wide variation among states in urbanisation. At one end of the spectrum is the National Capital Territory of Delhi, with 93 per cent of its population living in urban areas. At the other end, Himachal Pradesh is the least urbanised state with only 9.8 per cent of its population in urban areas. Tamil Nadu is the most urbanised among the larger states with 43.9 per cent urban population, followed by Maharashtra with 42.4 per cent and

Gujarat with 37.4 per cent. Among the larger states, Bihar has the lowest proportion of urban population (10.5 per cent), below Assam (12.7 per cent) and Orissa (14.9 per cent).

6.1.7 In terms of absolute number of persons living in urban areas, Maharashtra leads with 41 million persons. Uttar Pradesh comes next with 35 million followed by Tamil Nadu with 27 million.

6.1.8 There are 27 cities with more than one million population, while the Urban Agglomerations (UAs)/Cities with population of more than one million number 35. About 37 per cent of the total urban population live in these Million Plus UAs/Cities. In Maharashtra, West Bengal and Gujarat, more than half of the urban populations live in the Million Plus UAs/Cities.

6.1.9 The decadal growth of population in rural and urban areas during 1991-2001 is 17.9 per cent and 31.2 per cent respectively, indicating a relatively higher growth in urban populations. However, it has been observed that the degree of urbanisation in India is among the lowest in the world. United Nations estimates for 2000 show that 47 per cent of total population of the world live in urban areas. While the proportion of urban population in developed countries range between 75 and 80 per cent, it is 36.7 per cent in Asia. Within Asia, countries like China and Indonesia, starting from lower levels of urbanisation in 1950, have now overtaken India with urbanisation of 32.1 per cent and 40.9 per cent respectively.

6.1.10 This is partly explained by one demographic fact : In India the decadal growth of urban population has been declining, from 46.1 per cent in 1971-81 to 36.4 per cent in 1981-91 to 31.2 per cent in 1991-2001. Correspondingly, the average annual exponential growth in UAs/Towns has also dropped from 3.8 per cent to 3.1 per cent and 2.7 per cent respectively. While this, to some extent, reflects a declining trend in total population growth, the fact still remains that urbanisation in India is proceeding at a fairly modest pace, though some states and cities are reporting exponential growth.

6.1.11 The moderate growth rate gives some breathing space to set the house of urban

governance in order. However, there are cities where there is no time to lose.

Major Issues In Urbanisation for The Tenth Plan

6.1.12 Attitudes to urban growth within the country tend to swing between two extremes. Cities are seen either as an unavoidable evil or in a more positive way as 'engines of growth'. The former view is held by those who focus on the growth of slums and squatter colonies, the congestion on the roads and environmental degradation. The others, in contrast, focus on the bustling formal and informal sectors in urban areas and their contribution to the economy, the diversification of occupations away from traditional land-based ones to newer forms of production and services, and the lower levels of poverty as compared to rural areas.

6.1.13 There is, in fact, evidence to show that urbanisation is likely to have been a key determinant of economic growth in the 1980s and 1990s, boosted by economic liberalisation. From this point of view, the moderate pace of urbanisation in the country has been a cause of disappointment. There is, however, no rural vs. urban conflict either in terms of national growth, or in development priorities. In fact, perhaps because of the success of rural development programmes along with the limited availability of land for squatting in central urban areas, there seems to be no runaway migration from rural to urban areas.

Impact Of Growth

6.1.14 The impact of the growth of population on urban infrastructure and services has mostly been adverse. Cities with high rates of growth would be expected to have more resources for investment in the cities, but the fact is that much of this potential has remained untapped. On the other hand, smaller cities with less economic growth face inadequacies of financial and other resources to cope with increasing demands on services, and this may call for supplemental support from the budget. Are the existing institutional arrangements adequate to ensure that the cities can cater to present demand as well as future needs? How far have the provisions of the 74th Constitutional amendment been implemented and how have the new institutional

arrangements helped? The institutional arrangements for urban management and the quality of services are closely linked. Strengthening the decentralised ULB structure to cope with the demand for civic services, is identified as the priority task of the Tenth Plan.

Urban Governance

6.1.15 Urban governance today is characterised by fragmentation of responsibility, incomplete devolution of functions and funds to the elected bodies and ULBs, unwillingness to progress towards municipal autonomy, adherence to outmoded methods of property tax and reluctance to levy user charges. State governments continue to take decisions on such matters as rates of user charges, property tax, octroi, role of parastatals in water supply and sanitation services, etc., with little reference to the ULBs that are affected by these decisions. Far from strengthening the constitutional role of the elected ULBs, such developments only reinforce the perception that ULBs are subordinate entities under the day-to-day control of the state governments, beholden to them not only for the development of the cities but often for their very survival. There appears to be a lack of confidence that many of the ULBs are capable of meeting their obligations as institutions of local self-governance. In the present set up, initiatives for local developmental activities rarely come from the ULBs. Experience shows that functional autonomy becomes a reality only when it is accompanied by financial independence. State governments, therefore, need to strengthen the autonomous functioning of the ULBs through positive measures, and in particular, ensure their financial self-reliance.

6.1.16 The role of the ULBs in the immediate future will be:

- To be responsive and accountable to the community;
- to develop cities with standards of service comparable to the best in that particular category;
- to constantly improve their capabilities so as to equip themselves to undertake their tasks in resource-raising, service provision, and poverty alleviation,

6.1.17 Good urban governance calls for adequate policy and legal frameworks, the existence of regulatory and planning authorities, human skills, a sound revenue base, accounting and accountability. Substantial work has already been done to upgrade the urban infrastructure and several parastatals and urban development authorities have acquired considerable skills in planning and executing projects. Programmes such as the Mega City project for five selected cities, the Integrated Development of Small and Medium Towns (IDSMT), and the Accelerated Urban Water Supply Programme (AUWSP) have shown varying degrees of success in meeting some of the urban needs. In particular, parastatal agencies and bodies such as development authorities, need to play a supportive role to the elected bodies rather than taking over functions which properly belong to the ULBs. The objective of devolution and decentralisation should be carried forward by making parastatals and authorities partners and agencies of the democratically elected ULBs, thus making a gradual transition to local management while continuing to use the expertise of the organisations set up and supervised by the State Governments. Initiating the necessary processes for partnerships between the State and its agencies on the one hand, and the ULBs on the other, is a part of the exercise of 'capacity building' in the ULBs.

The Importance of Transparency and Right to Information

6.1.18 Since ULBs are closer to the tax-payers who depend on and are affected by the standards of services and infrastructure, there is need for a greater accountability in matters relating to municipal management and transparency in their functioning. The urban development sector is required to develop processes whereby information on all important decisions impinging on the life of urban residents are made available to them. Citizens must be kept informed about the application of funds and other assets and resources of local bodies, decisions relating to land use, construction and other development activities in the cities, taxation/ user charge policy and performance and facts of financial health of the city. The people can be kept in the picture through the media, the Internet, and by the participation of municipal councilors and other

personnel in meetings of residents' associations, as well as through more formal means of public information to be laid down in municipal rules.

Sources of Urban Finances

6.1.19 The system of a smooth sharing of resources between the State Governments and the ULBs on the one hand, and between different municipal bodies on the other, which is one of the objectives of the institution of the SFCs must ensure that the transfer of funds to the municipalities is both adequate and stable. The second round of SFCs are in place in most states and, hopefully, as the system evolves, there will be greater simplicity and transparency in the process of devolution of resources to local bodies, without undue transaction costs.

6.1.20 The objective of the system of SFCs would be fulfilled if an adequate level of resource transfers to ULBs takes place. It would, however, be unrealistic to expect ULBs' finances to be healthy when State Governments themselves face acute fiscal and resource constraints. Further, the allocations by SFCs may well tilt towards areas like rural development, irrigation, etc., and may not adequately meet the needs of the cities. The Finance Commissions at the Centre are now increasingly alive to the growing needs of urban areas. The effectiveness of the system of SFCs will depend on adoption of certain healthy conventions by the State Governments. The conventions relate firstly to the choice of persons with adequate knowledge and expertise for appointment to the Commissions, and secondly to the practice of willingly adopting and fully implementing the recommendations. The different approaches adopted by the SFCs in various States to the tasks of assessing the critical needs of urban areas and making recommendations, and the policy of states in regard to acceptance and implementation of these recommendations, would be an area for study. Such a study would also show how far the objective of autonomy of the ULBs is being fulfilled.

6.1.21 Striking a balance between own resources of the ULBs and transfers from the state, is of critical importance. The system of transfer from the State Government should not lead to dilution of the

seriousness and adequacy of the ULBs' own effort to raise resources. Misguided 'populism' is a game that the ULBs can also play, and inefficiency in collection, leakage of funds, and violations of fundamental financial principles, are dangers which have been experienced in our municipal entities. There is, therefore, every need to link the transfers under SFC formulations to the degree of efficiency ULBs exhibit in raising resources which the law allows them to generate, and in conforming to proper accounting and financial principles.

6.1.22 In order to help ULBs raise their own resources, the reform of the property tax system should be completed during the Tenth Plan period. The coverage of the property tax net is far from adequate, and this calls for serious attention. Alternatives to the 'annual rateable value', frozen in fiscal terms and discredited in implementation, are available in the form of area-based assessment, and capital value-based assessment. These initiatives should be further refined to develop transparent and buoyant systems of assessment with total coverage of all properties in a city, for which self-assessment by the property owner can be a useful instrument. The levying of user charges, increasing non-tax revenues, control of costs and in particular of establishment costs, and better utilisation of municipal assets are essential measures to make ULBs financially stronger. Municipal accounting systems should be overhauled and made acceptable to lending agencies and financial markets by making it accrual-based. This is especially important for those ULBs wanting to access debt funds.

Plan Assistance For Infrastructure

6.1.23 Assistance from the Centre is an important addition to ULBs resources, though thus far it has been visibly less effective in bringing about reforms in the urban sector. A larger degree of central assistance, including external assistance routed through the Centre, as well as institutional finance from agencies like the Housing and Urban Development Corporation (HUDCO) would be necessary during the Tenth Plan in order to take up a vigorous programme of upgrading infrastructure and services. It is also necessary that these forms of assistance

strengthen the elected ULBs as the legitimate institutions of governance at the local level. The assistance must be made conditional on sector reforms, in particular, better standards of service and the collection of user charges.

6.1.24 The coverage of central assistance in the past has been uneven and inadequate, both because of procedural issues as well as limited budgetary allocations. The number of cities/towns which received central assistance under IDSMT, AUWSP, and Mega City scheme up to the end of the Ninth Plan are:

- AUWSP : Between 1993-94, when it was initiated, and 2001-02, 654 schemes have been sanctioned with central assistance worth Rs. 337.37 crore;
- IDSMT : Since it was launched in 1979-80, 1,172 towns have been assisted and central assistance worth Rs. 531.62 crore released;
- Mega City Scheme : Initiated in 1993-94, the scheme covers only Mumbai, Kolkata, Chennai, Hyderabad and Bangalore. Central assistance to the tune of Rs. 714.75 crore has been released.

6.1.25 Other programmes through which the Centre channels funds for urban improvement are:

- NCR PLAN : Rs 360.92 crore have been released as Central contribution towards provision of infrastructure in the National Capital Region.
- HUDCO, which received substantial injection of fresh equity during the Ninth Plan and has been used to leverage funds from market sources, is the other source of loan assistance to urban infrastructure projects.
- The Tax-Free Bonds scheme was introduced in February 2001, rather late in the Ninth Plan period. Since then, two ULBs (the Ahmedabad Municipal Corporation and the Hyderabad Municipal

Corporation) have got approval to raise Rs 100 crore and Rs. 82.5 crore respectively.

- External assistance for the urban sector has continued to flow in from multilateral lending agencies like the Asian Development Bank (ADB), World Bank and bilateral agencies.

6.1.26 Infrastructure assistance through the IDSMT and Mega City schemes should aim at overcoming the worst features of neglect of urban requirements, take care of unmet needs in water supply, sanitation, solid waste management, urban transport, and the development of new extensions like residential colonies and satellite towns to relieve congestion. There is a wide variation in the availability of infrastructure and services, between cities and within the cities. The bigger cities tend to have better institutional arrangements and quality of service. In the hierarchy of cities, capital cities tend to get more attention, followed by other cities with greater economic activity, while the very small towns with extremely limited resources rarely see any improvement. The larger cities often have the capacity to raise resources from the market and from domestic as well as international funding agencies. Planning and financial support will need to be targeted at reducing the notable disparities of urban centres with significant limitations in resources and glaring lack of civic amenities.

6.1.27 During the Tenth Plan, it is necessary to achieve a substantially higher, if not, total coverage of cities in need of infrastructural upgradation. A substantial step up in Central allocation to the urban sector is, therefore, required. This assistance should be contingent on the achievement of certain reforms, and an overall improvement in the ULBs' own efficiency in resource mobilisation, both through taxes and user charges, as well as service delivery. Municipal bodies need to be motivated to reduce expenditure, and improve the productivity of employees. A review of the working of on-going schemes, in particular IDSMT, Mega City, AUWSP, and Tax-Free Bonds schemes, will be undertaken in order to improve their working. The existing schemes for assistance for infrastructure such as the IDSMT and the Mega City Project, leave a significant number of cities between them without

any Central support. During the Tenth Plan, these schemes will be extended to cover the cities which have been outside their purview.

6.1.28 Urban infrastructure cannot be funded by budgetary support alone. While market borrowings are not yet a viable source of financing for urban infrastructure in most instances, a beginning has to be made for building up creditworthiness in ULBs. If this cannot be done for ULBs as a whole, then it should be attempted at least for individual sectors such as water supply, and wherever else user charges and the general resource position makes for it feasible to use debt funds to supplement grants or own resources. Assistance should be provided from budgetary sources as well as from external funding agencies, to defray the costs of implementing reform measures. This will enable the utilities to improve their performance and their finances. A City Challenge Fund was announced in the Union Budget 2002-03 and is in the process of being designed.

Broad-Based Reforms in the Urban Sector

6.1.29 The objective of reforms in land and housing policy, and of pricing of utilities, should be to augment the resources of the ULBs, provide for adequate maintenance of civic services, and undertake expansion of infrastructure to meet growing needs.

6.1.30 Cities everywhere are recognised as contributing substantially to economic, social, educational and infrastructural needs of the country. While they offer a higher standard of amenities to city-dwellers, they also have an important role in providing a range of services to the rural hinterland creating demand for rural output and providing inputs. Towns and cities act as nodal centres for providing services in marketing, health-care, education, and providing a window to the wider world, serving people other than their permanent residents.

6.1.31 In the past, the approach to urban growth, and in particular urban land issues, has been restrictive, based on the rigid comprehensive development plans, zoning and regulation of land use, with a predominant role in land assembly and

development for urban development authorities. The role of the private sector was extremely limited. The inability of the urban development authorities to meet the total housing needs of the urban residents has driven large numbers of people in need of housing in every city, to seek housing in unauthorised colonies. These colonies are now posing a serious problem in urban management. Slums are only the most extreme form of this problem.

6.1.32 It is necessary to set in motion a virtuous circle of urban growth leading to better resources which are then used for improving infrastructure, which, in turn, will lead to further growth of the cities, resulting in enhanced economic activity and growth. Meeting the needs of the urban poor also necessitates ULBs having more resources at their command. The impediments to urban growth, as well as the necessary policy reforms, have been broadly identified.

LAND POLICY AND HOUSING

6.1.33 The repeal of the Urban Land (Ceiling and Regulation) Act, 1976 has been a significant step towards reform in the urban land market. Following the repeal of the central legislation, a number of state governments have also repealed the state-level law. However, the Act still exists in some states, while several other state laws like the Land Revenue Act, Land Reforms Act, Stamp Duty Act, and Urban Development Authorities Acts/Town Planning Acts continue to hamper the availability of land for housing and other construction, pushing up land prices.

6.1.34 There is a need to take measures to ease the availability of land so that growth can take place through increased construction and housing activity, and land prices can be brought down to moderate levels making affordable shelter available to the lower income groups. This will also help prevent the proliferation of unauthorised colonies. This is by no means a measure to dilute urban planning, where enforcement has often been the weakest link. On the contrary, it will make urban planning more in tune with the changing nature of cities.

6.1.35 More flexible zoning regulations to permit change of land use where justified, easier

subdivision regulations, and extension of trunk services to new areas/new townships will help to reduce congestion and develop the cities in an orderly fashion. Innovative measures for land assembly, land pooling, and use of land as a resource to build up infrastructure will need to be continued and their administration made more efficient and transparent.

6.1.36 Since 2001, 100 per cent foreign direct investment (FDI) has been permitted in the development of integrated townships. However, investments may not materialise unless the conditions relating to land procurement are made simple. In urban areas, especially those with Master Plans, the needs of urbanisation should have precedence over land revenue and land reforms legislations in which restrictions on land ownership, transfers, and land use are incorporated in order to prevent the conversion of agricultural land. Other problems relate to the lack of clear titles, old, protected tenancies and rent control. All these problems, working together, have made it impossible for land to be procured for development in city centres, barring in small quantities. In prime areas, much of the land is used well below its potential.

6.1.37 The system of maintenance of land records and registration of property transactions are outmoded and need to be modernised through computerisation so as to speed up the process. There is need to develop and implement a system of authentication of property titles on the lines of the Torrens system now in vogue in many countries. This will make it easier for interested parties to enter into land transactions confidently. Together with the rationalisation of stamp duty, these measures will help in the development of a genuine property market, which ultimately will prove beneficial for the assessment of taxes where property values are the basis.

6.1.38 Rent control and tenancy laws also prevent the development of rental housing, thus contracting housing stock. Reform of these laws is a politically sensitive issue, as evidenced by the history of recent efforts to amend the Delhi Rent Act. However, there is some awareness that rent control at absurdly low levels with virtually no relation to market rates and extraordinary protection to tenants

over generations not only hinder the development of rental housing but also act as barriers to the growth of cities. Dilapidated structures cannot be renovated because of the difficulty in evicting tenants, with the result that rejuvenation of inner city areas is not taking place. Transitory arrangements can be made to help those who will face hardships, but zoning regulations should take into account the changing nature of inner city areas and permit their redevelopment.

FISCAL BALANCE

6.1.39 Poor management of assessment and collection has ensured that the yield from properties in the form of property tax is a fraction of the potential. In many cities, either property tax is not levied at all, or the rates are extremely negligible, as a result of which the resource position of the municipal bodies is extremely poor. On the other hand, stamp duty levied on transactions in land at 8 to 10 per cent is too high, in comparison with other countries. This has resulted in the use of 'black money' in property transactions and the practice of 'power of attorney' prevent the emergence of a genuine property market, with resultant losses to the exchequer. A further fall-out is the unreliability of information on property values.

6.1.40 Another cause of the fiscal imbalance of ULBs is the highly subsidised supply of services, in particular, water and sewerage. Insufficient revenue income prevents civic authorities from investing in services, leaving existing and future needs unfulfilled and this, in turn, hinders growth. During the Tenth Plan, emphasis will have to be placed on initiating and furthering broad-based reforms to overcome the impediments to urban growth. The reform agenda, initially mooted through the new programme of Urban Reforms Incentive Fund, will, in order to make a serious impact, need to leverage all schemes in the urban sector. Therefore the conformity to an agreed reform programme will be made obligatory for Central assistance to the sector during the Tenth Plan.

Capacity Building

6.1.41 Capacity building in urban institutions is one area which is much talked about but has been

relatively neglected in terms of action. The restructuring of the roles of the elected ULBs has to initially come about in the form of partnerships with the parastatals which have been handling a variety of services. The public service element needs to be made more professional and accountable to the people. As resources are the biggest problem of ULBs, measures for comprehensive and rational levy of property taxes and user charges are needed urgently. Adoption of modern accounting systems, improved practices of budgeting and planning, effective use of wards committees and other means of peoples' participation, and programme assistance under the schemes such as the SJSRY, should be put to use for improving urban governance.

6.1.42 Studies have emphasised that in a programme such as Low-Cost Sanitation, provision of subsidies and loan assistance have to be backed by substantial work on designs and materials relevant to each regional context, and by education, training, and propagation in the basic concepts of sanitation and hygiene. Water supply schemes have been transferred to ULBs from parastatals but without creating an ownership structure or building up the capacity to undertake operations and maintenance functions. Participatory management is still a relatively novel concept as bureaucratic approaches insulate public functionaries from public scrutiny or accountability. These are all areas that any programme of capacity building has to tackle.

6.1.43 Water supply and sanitation are the biggest challenges before ULBs and there is an urgent need to step up investment in this sector during the Tenth Plan. The tasks include efficiency improvement, better customer satisfaction, levy and collection of reasonable user charges, accessing institutional and market borrowings to provide sufficient investment funds, and institutional improvement at all levels. A number of states have shown interest in arranging public-private partnerships in this sector and these must be pursued prudently to enhance service quality and efficiency. The Low Cost Sanitation programme needs a new thrust as the sanitation problem has defied a solution so far.

6.1.44 While encouraging the entry of the private sector, the key role of public functionaries should

not be overlooked as the progress towards private sector participation is bound to be slow and may not happen at all in many urban centres. The growth of urban capabilities has to be ensured with the support of bodies such as the Central Public Health and Environmental Engineering Organisation (CPHEEO), HUDCO, National Environmental Engineering and Research Institute (NEERI), NIUA, Regional Centres at Hyderabad, Mumbai and Lucknow, the IIPA, and the various training institutions relating to the urban sector. Where needed, the institutions need to re-orient their approach with a view to strengthening the ULBs in the performance of their tasks. The leading role of parastatals has to be scaled down to give the initiative to the local bodies themselves.

Mapping, Urban Indicators And Data From The Urban Sector

6.1.45 Two of the most important tools of urban managers are maps and data. There is a need to step up the availability of both these basic requirements. While there have been individual efforts, both within and outside the Government to devise and set up a system of collection of urban data or indicators the Town and Country Planning Organisation (TCPO) has been implementing a scheme of urban mapping based on aerial photography. In the Tenth Plan, there is need to widen the availability of maps and urban data so as to cover all urban centres. City personnel as well as policy makers at the Central and State levels need basic urban data relating to settlements, slums, population, housing, transport, environmental issues such as disposal of solid and liquid wastes, and network of services such as water, sanitation, roads, public transport, drainage, streetlights, parks and playgrounds, parking areas etc. on a day-to-day basis. In addition, the status of municipal personnel, resources, assets, etc. are also required. Currently few maps of any significant scale are available. This could be remedied by using maps generated from satellite data, which are readily available. These maps can be used to supplement ground-level work on property listing for taxation purposes, as well as to monitor trends of urban growth especially in the peri-urban areas. Data on existing service levels are a sine qua non for inter-city comparisons, for bench-marking

service standards, for urban planning, and for authorities such as the SFCs who have to make recommendations regarding allocation of resources for the augmentation and maintenance of these services.

6.1.46 Efforts to secure data at the national or state level are unlikely to succeed unless data are systematically collected, validated and updated at the local level. In order to be comprehensive, data should emerge from a process of diagnosis at the municipal level, out of a felt need of municipal functionaries to get to know the requirements and status of various urban services. A scheme to generate city-level data and city maps derived from satellite imagery will be implemented during the Tenth Plan.

SUMMING UP

6.1.47 The approach to urban management issues in the Tenth Plan has to revolve around the strengthening of the democratic structure, with the assistance of the very agencies –state governments, parastatals and the urban development authorities – who have continued to take over the functions that rightly belong to the ULBs. The task is not easy, not the least because the ULBs do not have the wherewithal to imbibe the concepts and capabilities needed for their responsibilities. These will need to be built up, and legislative and institutional arrangements to achieve this task will have to be made. That the ULBs are not yet in a condition to take on all their responsibilities is no argument against making the necessary transition. On the other hand, the challenge lies in building up the ULBs, because without that there will be neither accountability nor sustained development in the urban sector.

6.1.48 The major thrust areas for the Tenth Plan can be readily identified:

1. Investments over the years and institutional effort have resulted in the setting up of a variety of urban infrastructure and services. However, there is a grave danger of these investments being rendered ineffective because of poor operations and maintenance and poor institutional

capacity. An extra effort has to be made to ensure that the capacities created in such areas as water and sanitation, transport systems, and planned city development are not permitted to degenerate.

2. Public-private partnerships should be brought on to the urban agenda for improving efficiency and better service delivery. However, capacity building in the public services has to be given highest priority, through training both elected and appointed officials, and by restructuring of municipal entities for more efficient management. Performance of the ULBs in their allotted tasks, apart from being watched by the citizens, should also be closely monitored by the State Governments.
3. Finances of the ULBs need strengthening through smooth working of the SFC awards, rationalisation and improvement of the property taxation system, and a sufficient level of levy of user charges. Transfers from State budget should be linked to defined levels of performance of the ULBs in resource-raising, expenditure control, proper financial management, and transparency in functioning.
4. Broad-based urban sector reform measures should commence during the Tenth Plan. The fundamental need is to strengthen the autonomy - functional as well as financial - of the ULBs. There is need for improving the debt-servicing capabilities of ULBs so that investment funds from financial institutions and market borrowings can be made available for urban infrastructure works. Plan support in the form of centrally sponsored schemes should be linked to the willingness in the state and local bodies to implement reform programmes.
5. The 2001 Census data provide basic information on the trends in urban growth and this will help establish the needs of the ULBs, which has to be balanced by

capabilities. Future programmes of assistance should be based on these two factors. But first, studies to develop the disaggregated picture of urban growth in different size categories, different states and types of cities should be taken up immediately based on the Census data. Planning of urban growth projects should be based on these studies.

HOUSING

6.1.49 Housing is a basic necessity as well as an important economic activity, in that it is a part of the construction industry. Construction activity accounts for more than 50 per cent of the development outlays. A study by the Indian Institute of Management, Ahmedabad, commissioned by HUDCO, to evaluate the impact of investment in the housing sector on GDP and employment, has found that the sector ranks third among the 14 major sectors in terms of the direct, indirect, and induced effect on all sectors of the economy.

6.1.50 The Housing and Habitat Policy, 1998 has specifically advocated that Government create a facilitating environment for growth of housing activity instead of taking on the task of housing itself. Housing is largely a private sector activity in both the rural and urban sectors. This is not to rule out the need for a high degree of involvement of the Government and its agencies in meeting the housing needs of the urban poor. The nature of this involvement - it may in some instances extend to house construction itself - is to be determined by the needs of a given situation.

6.1.51 The National Agenda of Governance also emphasised that housing activity would be an engine for substantial generation of employment, and all legal and administrative impediments that stand in the way of vigorous housing activity should be removed forthwith. What is undisputed is that governmental initiatives - and its 'facilitating role' - have a significant impact on the provision of housing and growth of the sector. These initiatives and interventions relate to legislations concerning ownership, transfers and development of land; stamp duty and registration laws; rent control legislation; tax policy particularly relating to housing

loans; property and land tax laws; town planning law and its actual implementation, i.e., Comprehensive Development Plans, zoning regulations, land use change; and building bye-laws. It also covers urban development activities through parastatals and urban development authorities; sites and services schemes; slum policy; provision of urban infrastructure; urban transport policy and facilities; the institutions in the public sector relating to housing development and housing finance; and house construction in the public sector.

6.1.52 With the anticipated entry of FDI into the real estate sector, care has to be taken that the needs of the urban poor and marginalised sections are not ignored. Given the large number of activities impinging on housing directly and indirectly and the multiplicity of agencies involved, designing a framework for orderly and dynamic growth in the housing sector in the Tenth Plan is a challenge to the planners.

6.1.53 The Working Group on Housing for the Tenth Plan has observed that around 90 per cent of housing shortage pertains to the weaker sections. There is a need to increase the supply of affordable housing to the economically weaker sections and the low income category through a proper programme of allocation of land, extension of funding assistance and provision of support services. The problem of the urban shelter-less and pavement dwellers has not been given the consideration that is necessary in a welfare or pro-poor State, as seen from the lack of progress in the Night Shelter Scheme. Regulation of building quality and its assurance, especially in areas prone to disasters is an issue whose urgency was reiterated after the earthquake in Gujarat in January 2000. Building designs also need to be gender sensitive and should accommodate the requirements of physically challenged population.

6.1.54 In order to increase the proportion of household savings in the housing sector, as well as to provide houses to those who cannot as yet afford to have their own houses, there is need to encourage the promotion of rental housing by the private sector, public sector, cooperatives and individuals. This requires legislative changes in the

existing rent control laws, something on which which very little progress has been achieved.

6.1.55 Availability of land has been constrained by certain provisions contained in a variety of laws such as the Land Revenue Act, the Land Reforms Act, the Urban Land (Ceiling and Regulation) Act (ULCRA), the Town Planning Act and the Urban Development Acts. Each of them has, often through its provisions and equally through the manner in which they were implemented — created hurdles for legitimate transactions in land urgently required for expansion of the housing stock. The repeal of ULCRA was expected to ease the situation to some extent. This needs to be followed up by other changes whereby legally valid availability of land for urbanization is speeded up, and people are not driven to adoption of short-cuts to obtaining housing plots and other uses.

6.1.56 Balancing the liberal availability of land, with the demands of orderly growth with adequate provision of infrastructure is no easy task, and the 'land sharks' are invariably one step ahead of the authorities that enforce regulations and provide of amenities. This has led to the proliferation of 'unauthorised layouts' and 'informal settlements'. The efficacy of town planning and urban development programmes lies in meeting the growing demand for housing in urban areas within the framework of the tenets of orderly growth. Public and private initiatives in various parts of the country have already demonstrated that, given the will and efficiency of implementation, it is possible to plan ahead and promote orderly growth. These efforts need to be made more widely known and replicated.

Institutional Financing of Housing

6.1.57 The substantial thrust on housing laid by Government through the facilitating measures including Reserve Bank of India (RBI) regulations relating to priority sector lending, fiscal concessions and budgetary incentives has started to bear fruit. Institutional credit disbursements have grown from Rs. 5,767 crore in 1997-98 to Rs. 12,626 crore in 2000-01. These disbursements are through the 28 Housing Finance Institutions (HFIs) under the ambit of the National Housing Bank (NHB).

HUDCO

6.1.58 HUDCO earmarks 55 per cent of its housing portfolio funds for the economically weaker sections (EWS) and low income groups (LIG), with differential interest rates, high loan component for lower cost units, and longer repayment period. Though its releases are somewhat less than sanctions, it is noteworthy that HUDCO has sanctioned 12.46 million urban housing units (till September, 2001) in both urban and rural areas. During 1998-2001, under the Additional 2 Million Housing programme, against a total target of 30 lakh housing units, HUDCO has supported 33.82 lakh units.

6.1.59 The other factor in HUDCO operations for the mass housing programmes is the dependence on State Government guarantees, which as noted elsewhere, disqualifies some states who have defaulted. Such states will need to take steps to fulfil their obligations under the guarantee. HUDCO is also a large player in retail lending for housing, and in two and a half years has sanctioned a total loan amount of Rs. 2,331 crore to 2,62,550 beneficiaries. HUDCO has been in the forefront of the Government's efforts to come to the aid of disaster-affected households, and has provided financial assistance for disaster rehabilitation housing to the tune of Rs. 2,360 crore for construction of over 4 million houses for earthquake, cyclone, and flood victims.

6.1.60 In order to undertake housing programmes for the poorer sections, states must create an environment favouring loan-based house construction for the EWS categories, and strengthen the state-level machinery for lending and loan recovery. EWS housing in urban areas has long remained a neglected area in relation to the demand, and without arrangements in place for credit support to this section, states will find it difficult to continue giving State guarantees to loans from HUDCO. To ensure recovery of loans, conferment of ownership rights in the name of the beneficiary family (jointly in the names of wife and husband) could be done only after the entire loan is recovered, till which time the house may be held on a rental basis. To augment housing supply for the poor, there is also need to enlarge private initiatives and public-private sector partnerships. While encouraging the

development of new integrated townships through foreign direct investment/private entrepreneurship, there should be provision for earmarking a percentage of such housing for EWS/LIG households.

Cooperative Sector

6.1.61 The National Cooperative Housing Federation operates through 26 apex cooperative housing federations in the states. There are nearly 90,000 primary cooperative housing societies with 6.5 million individual members. Up to 31 March 2001, the apex federations have mobilised Rs. 6,407 crore from LIC, NHB, HUDCO commercial and cooperative banks etc., and disbursed loans of Rs 6,800 crore to housing cooperatives and individual members. This has led to the construction of approximately 2.13 million dwelling units (completed and under construction). Housing cooperatives have been given a target of construction of one lakh houses each year under the 2 million housing programme for the EWS/LIG, and they have been able to construct a total of 2.92 lakh units in the 1998-2001 period.

Urban Housing Shortage in the Tenth Plan

6.1.62 The Working Group on Housing has estimated the urban housing shortage at the beginning of Tenth Plan at 8.89 million units. While

Box: 6.1.1

FDI in development of integrated townships Including housing and building material

In May 2001, the Government of India announced the policy of permitting 100 per cent FDI for the development of integrated townships, including housing, commercial premises, hotels, resorts. FDI was also permitted in city and regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems and for the manufacture of building materials. Development of land and providing allied infrastructure will form an integrated part of a township's development. The minimum area to be developed is 100 acres. The guidelines for the scheme were issued by the Ministry of Commerce and Industry in January 2002.

this is indeed an alarming number, it includes the 'congestion' needs of joint families, obsolescence and replacement of old houses, and upgrading of all the kutchra houses. The total number of houses required cumulatively during the Tenth Plan period is assessed at 22.44 million. There is, therefore, a good case for continuing the Two Million Housing scheme during the Tenth Plan period, as it will take care of about 3.5 million houses for the urban poor.

Strengthening Of Housing Stock In Vulnerable Regions

6.1.63 About 54 per cent of India's land area is vulnerable to earthquakes, 8.4 per cent to cyclonic wind and storm surges, and 4.9 per cent of the area is vulnerable to flood damage. The Working Group on Housing has suggested a scheme for strengthening of the vulnerable house in the EWS

and LIG category in 107 districts which face highest risk of damage because they are multi-hazard prone. According to an estimate, these houses can be strengthened and retrofitted at 10 per cent of the cost of construction of a new house on an average. What is equally important is to demonstrate retrofitting technologies relevant to the specific disaster-prone area.

6.1.64 The problem of housing slum-dwellers in decent surroundings is dealt with separately. In view of the growing problems of the housing sector, and particularly the urban poor, the following measures are necessary and should be implemented during the Tenth Plan period:

- The first priority in urban housing, particularly for the urban LIG and EWS, is the provision of land at affordable prices.

BOX : 6.1.2 GROUP HOUSING COMPLEXES

The growth of multi-storeyed apartment complexes in the cities has led to the emergence of a new set of problems with regard to the maintenance and sharing of common areas. The Delhi Apartment Ownership Act, 1976 is a typical legislation dealing with the issues of apartment owners. Its main objectives are:

- a. to provide heritable and transferable ownership right to every apartment owner; and
- b. to provide for an association of apartment owners for the maintenance of common areas and facilities in which every apartment owner has a percentage of undivided interest.

Formation of Association of Apartment Owners: The Act provides for the mandatory creation of an Association of Apartment Owners for the administration of the affairs of the apartments and the property appertaining thereto and for the management of common areas and facilities. The model bye-laws of such an Association, which include the constitution, structure, and powers of the Association and its office-bearers, are to be framed by the Administrator, and the Association will have to abide by these. . The model bye-laws will also deal with maintenance, repair and replacement of the common areas and facilities and payment for these, as well as the manner of collecting the share of common expenses from the apartment owners/occupants. In the proposed new Bill on the subject, the promoter has to apply to the Competent Authority for registration of the Association of apartments owners, and he will remain the associate member of each apartment till it is allotted, sold or transferred to a member.

The formation of an Association or Society of Apartment Owners is for the self-interest of the apartment owners. Without such a body, the many problems of sharing common services and areas, and undertaking maintenance work for the entire complex, may not be properly handled. However, instead of leaving it to the apartment owners to voluntarily come together to form an association, it is considered a good move to put a provision in the Apartment Ownership Act, making it mandatory for individual owners to become members, with the Promoter being made responsible for its registration. Besides, the legislation will also provide required legal backing to a number of issues which arise in the ownership and management of an apartment complex.

- Increased availability of developed land in urban areas through adoption of various innovative approaches like land bank for the poor and land assembly methods, vacant land tax and transferable development rights and simplification of sub-division regulations is called for.
- Unauthorised settlements have become a part of the urban scenario. They house a large number of people and there is ambivalence regarding regularisation of these settlements and extension of services to them. In many cities, they are not brought under the property tax net. Pragmatic solutions leading to security and extension of civic services are required. To prevent proliferation of such colonies, the land use and sub-division policies need to be streamlined, and their implementation rendered speedy and smooth without undue hassles to those in need of land for housing.
 - The city planning provisions need to be tuned to the requirements of the weaker sections in urban areas through adoption of appropriate and affordable standards and norms, use of cluster housing and 'growing house' concepts.
 - The feeling that urban planning ignores the needs of the urban poor, must be dispelled through effective action to meet these needs. The urban development authorities who acquire and develop large tracts of land for the growth of the cities, should reserve a major part of such land to meet the requirements of the EWS/LIG population. At present, there is little evidence that these authorities — who are often the sole organisation for development of serviced land — are providing the due share of land to the urban poor.
 - Housing and economic activities have to go hand in hand with the provision of housing for the workers close to work places. There is need for coordinating the development of industrial areas and housing areas. Layouts should be mixed in nature with the urban poor - providers of services - being enabled to live and integrate with the rest of the community.
 - Schemes such as the Two Million Housing scheme and the new scheme of housing with Central assistance for the slum population (Valmiki Ambedkar Awas Yojana or VAMBAY) should be used to provide immediate benefit to the most disadvantaged urban segments.
 - HUDCO assistance is not available to several states which are unable or unwilling to stand guarantee for these loans. A solution has to be found so that the urban poor in these states do not find themselves at a disadvantage in comparison with other states where there is greater willingness to use HUDCO loans.
 - Urban housing should mostly be based on savings and credit from HFIs. The workers of the informal sector and other urban poor including slum-dwellers are generally not served by these Institutions. At the same time, public institutions such as Housing Boards and Housing Co-operatives, have not been able to meet the needs of these sections. This will only increase the growth of unserved housing and of slums. There is a need to make housing loans available to the EWS in the cities. Credit activity by state agencies and housing co-operatives need to be revived. HUDCO and the HFIs should be encouraged to finance self-help groups or groups who have the support of an NGO and who can be of assistance in loan recovery.
- 6.1.65 Costs of urban housing are likely to be higher in comparison with rural housing programmes because of the higher land costs standards of construction in urban areas. It is for this reason that a scheme such as VAMBAY, launched in the final year of the Ninth Plan, has a combination of subsidy and loan. Expectations of fully subsidised housing should be discouraged. An

environment needs to be created to encourage housing programmes with credit to the extent that beneficiaries can afford.

URBAN POVERTY ALLEVIATION AND SLUM IMPROVEMENT

6.1.66 Reduction and alleviation of poverty, if not its complete eradication, including poverty in urban areas, has long been one of the objectives of planning. There have been encouraging trends in urban poverty in both percentage and numerical terms, though the urban poor still face age-old problems at the ground level. Besides, there are wide regional variations as well as differences among different size-class towns with regard to the extent and nature of urban poverty.

6.1.67 According to the 2001 Census, the total urban population is 285.35 million, which accounts for 27.78 per cent of the total population. While the total population in the country increased by 21.34 per cent in 1991-2001, urban population grew by 31.36 per cent during the same period. The somewhat moderate growth of the urban population is explained by the declining rate of urban growth in the last two decades : (Table 6.1.2)

Table 6.1.2
Growth of Urban Population

	Percentage of urban to total	Decadal urban population growth
1981	23.34	46.14
1991	25.72	36.46
2001	27.78	31.36

(Figures in percentages)

Table 6.1.3
Percentage of Number of Poor

Year	Poverty Ratio (percentage)			No. of poor (million)		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	56.4	49.0	54.9	261.3	60.0	321.3
1977-78	53.1	45.2	51.3	264.3	64.6	328.9
1983	45.7	40.8	44.5	252.0	70.9	322.9
1987-88	39.1	38.2	38.9	231.9	75.2	307.1
1993-94	37.3	32.4	36.0	244.0	76.3	320.3
1999-2000	27.1	23.6	26.1	193.2	67.1	260.3

6.1.68 The encouraging feature is that apart from continuation of the fall in the proportion of the urban poor, for the first time in the 1991 Census, there is also a reduction in the absolute numbers of the urban poor. According to the large sample survey data on consumer expenditure (55th Round) of the NSSO using a 30-day recall period, 67.1 million or 23.62 percent of India's urban population were below the poverty line in 1999-2000. As is evident from the Table 6.1.3, while the percentage of persons below poverty line in urban areas had been steadily declining since it was first estimated at 49 per cent in 1973-74, the absolute number of persons below the poverty line had been rising, touching 76.3 million in 1993-94. This trend has been reversed in the latest Census.

6.1.69 Though, at the national level, the percentage of the poor in rural areas is significantly higher than in urban areas, only a few of the larger States conform to this pattern. States such as Andhra Pradesh, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Delhi and the Union Territory of Pondicherry have reported levels of urban poverty that are higher than rural poverty. States where rural poverty is higher than in urban areas are Arunachal Pradesh, Assam, Bihar, Himachal Pradesh, Orissa, Uttar Pradesh and West Bengal. Analysis shows that poverty reduction among States has been uneven. The most important point about the inter-state variations in poverty is that it shows no correlation with per capita income or other development indicators like per capita consumption, levels of industrial and infrastructural development, etc., in urban areas during the nineties. While the

lack of development is the cause of urban poverty in many States, the nature and sectoral composition of development is responsible for poverty in others.

6.1.70 Unemployment data show that the overall unemployment rates are not high, though they are higher in urban areas than in rural areas. The unemployed person-day rates are higher than the rates obtained for persons, thereby indicating a high degree of intermittent unemployment. This is mainly due to the absence of regular employment for many workers. Studies have shown that casualisation of labour is the main, and increasing, source of urban poverty. The dynamics of development in urban areas of many States during the past two decades has been such that rapid economic growth has not led to a corresponding decline in poverty. While income levels are rising to meet the basic nutritional needs, other equally basic needs of shelter, civic amenities, health care, educational and social needs, etc. are not being met in an adequate fashion. Urban poverty, thus, emerges as a more complex phenomenon than rural poverty. Some aspects of the complexity of urban poverty are:

6.1.71 **Level of basic amenities:** There are serious deficiencies in urban infrastructure as a result of the rapid growth of urban population and low investment in urban development. In general, the smaller the town, the less likely it is to have a wide coverage of amenities, and the poor in such towns face correspondingly higher deprivation. It has been noted that the percentage of households having flush toilets exhibits a strong positive correlation with economic development, much more than any other indicator of amenities. The coverage of civic amenities, specifically electricity, drinking water and toilets, is uneven and variation across size class of urban centres shows regularity and a distinct pattern. The percentage of households covered by each of the three amenities increases systematically with the size class of the urban centres except for Class VI towns. Class V towns (population between 5,000 and 10,000) register a high percentage of households not covered by toilets, electricity and drinking water (61 per cent, 41 per cent, and 28 per cent respectively) in 1991. The shortages are very serious for urban centres with population of less than 50,000. This emphasizes the need for greater involvement of the State and Central Governments in upgrading the infrastructure of the

small towns. Most of the small and medium towns are not in a position to generate funds to provide civic amenities to all sections of population. These towns, particularly those located in less developed states, should, therefore, be the major focus of government policy in terms of providing basic amenities.

6.1.72 **Town or city size :** There is evidence to show that the incidence of poverty in a town, as measured by Head Count Ratio (HCR), declines steadily with increasing size. In 1987-88, the HCR in towns with less than 50,000 population was 47.40 per cent while that in towns with population of more than one million was 26.73 per cent. In 1993-94, the corresponding figures are 43.16 per cent and 20.57 per cent. The National Capital Territory of Delhi (where the urban population accounts for 93 per cent of the total population according to the 2001 Census), experienced a population growth of 51.3 per cent during the decade of 1991-2001. The percentage of people below the poverty line in Delhi stood at 49.61 per cent in 1973-74 and declined steadily over the years to 16.4% in 1991 and now stands at 9.42 per cent. A larger incidence of secondary and high-value tertiary activities in large cities gives people residing there a higher level of income. In contrast, the income levels of people in small and medium towns tend to be low because of the poor economic base and lack of employment opportunities in the organised sector. In the changing economic scenario, care has to be taken to ensure that the process of structural adjustment does not lead to an increase in urban inequality. For poverty alleviation in the broader sense, encompassing both income and environment, within a framework of balanced regional development, it would be important to restructure priorities in favour of small and medium towns and slums in larger cities, where a large majority of the urban poor live.

6.1.73 **Household size :** The fact that household size affects the poverty status of a household is well known. Larger households tend to have a higher probability of being poor.

Features of Urban Poverty

6.1.74 Poverty can take specific forms of deprivation and misery among individual households. The degree of poverty can also differ, and attempts have been made to categorise the

urban poor on a declining scale such as core poor, intermediate poor and transitional poor. Another study classifies them as declining poor, coping poor and improving poor, with different degrees of priority for the three basic needs of survival, security, and quality of life. Box 6.1.3 lists the various types of vulnerability of the poor:

Box: 6.1.3

Types of Vulnerability of the Poor

Housing Vulnerability: Lack of tenure, poor quality shelter without ownership rights, no access to individual water connection/toilets, unhealthy and insanitary living conditions.

Economic Vulnerability: Irregular/casual employment, low paid work, lack of access to credit on reasonable terms, lack of access to formal safety net programmes, low ownership of productive assets, poor net worth, legal constraints to self-employment.

Social Vulnerability: Low education, lack of skills, low social capital/caste status, inadequate access to food security programmes, lack of access to health services, exclusion from local institutions.

Personal Vulnerability: Proneness to violence or intimidation, especially women, children, the elderly, disabled and destitute, belonging to low castes and minority groups, lack of information, lack of access to justice.

Approach To Urban Poverty Alleviation

6.1.75 In an environment where the poor are exploited and ignored, there is a major role for the State and its agencies, including the ULBs and the parastatals, in the field of urban development and provision of services such as water supply, health, education, sanitation, legal protection and employment generation. This is an immense challenge because of the known weaknesses of the system like the lack of accountability, corruption, and the dominant role of elite groups who wield substantial power in urban governance.

6.1.76 The first formal attempt to experiment with the community development approach in cities was

the Urban Community Development project started in 1958. The Environmental Improvement of Urban Slums scheme was started in 1972 at the Central level to provide basic physical facilities like safe drinking water, sanitation, storm water drains, street-lighting and roads. This scheme was transferred to State Governments in 1974. Following experiments with a variety of combinations of schemes for employment generation, formation of beneficiary groups, training, community organisations and thrift/self-help groups, finally the integrated programme of Swarn Jayanti Shahri Rozgar Yojana (SJSRY) was launched in 1997.

6.1.77 The implementation of programmes for the urban poor is beset with enormous problems. The problem of inadequate funding has been compounded by under-utilisation of Central funds, diversion of funds released for specific programmes, and infructuous expenditure. Monitoring at the Central level has been weak and ineffective. Success stories have not been publicised or adopted on a wider scale. The understanding of the programmes, their objective and modalities relating to implementation has been weak and superficial, leading to inaction in many areas that are of vital concern to the urban poor. There are few master plans and very little effort at monitoring the benefits that are expected to flow to the target communities. In addition, there has been too much emphasis on engineering or the 'works' aspects of programmes without adequate understanding of the social, psychological and other dynamics of poverty. The beneficiaries have not been consulted nor given a voice in the implementation of programmes. When there is a deceleration of economic growth, especially when governments experience fiscal constraints and need to reduce deficits, allocation of funds for the social sectors suffers. This should not happen.

SLUMS

6.1.78 Provisional data relating to slums in the 2001 Census throw some interesting light on the slum population. Nearly 28 million persons lived in the slums in 1981, accounting for 17.5 per cent of the urban population. The estimates for 1991 were 45.7 million slum dwellers accounting for 21.5 per cent of population. According to the 2001 Census,

there are 40.6 million persons living in slums in 607 towns/cities, and they account for 22.8 per cent of the population of these cities. However, the latest Census data also reflect the problems inherent in not having an accepted definition of slums and absence of proper listing of slum settlements in the urban offices concerned with slum improvement and civic amenities. The practice of notifying slums under relevant laws is not being followed, especially where the land involved belongs to Government or any of its agencies. As a result of these lacunae, these data are not definitive because towns with less than 50,000 population, and slum clusters which are not formally or informally recognised if the population was less than 300 are excluded.

6.1.79 While demographic data on slum populations and on civic amenities to slum dwellers from the Census are still awaited, there appears to be no change in the basic level or improvement in the features of slum settlements despite several decades of programmes for the environmental improvement and upgradation of slums. There is cause to wonder whether 'Cities without Slums' is a slogan about an objective, which, however desirable, is believed to be unreachable, or whether it is a serious planning and urban development concern. Certainly the degree of effort to upgrade slums to a more habitable level, does not indicate a serious effort in this direction.

6.1.80 The Draft National Slum Policy drawn up by the Department of Urban Employment and Poverty Alleviation in the Ministry of Urban Development in April 1999, had been widely debated and many comments received. It needs to be finalised. A National Policy on Slums is of great significance given the degree of wrong perception regarding the nature and extent of the slum problem. Such a policy can help bring an attitudinal change among the authorities and the people at large, including the urban poor and the slum-dwellers, regarding measures to improve their quality of life and make our cities free from the worst features of slums. Slums are generally treated as the inevitable outcome of continuing migration of unskilled labour, but, in fact, most slum-dwellers are permanent residents of the city. In many instances, families in slums span several generations. The main objectives of a slum policy would be

- To create awareness of the underlying principles that guide the process of slum development and improvement and the options that are available for bringing about the integration of these settlements and the communities residing there with the urban area as a whole.
- To strengthen the legal and policy framework to facilitate the process of slum development and improvement on a sustainable basis; to ensure that the slum population are provided civic services, amenities, and economic opportunities to enable them to rise above the degrading conditions in which they live.
- To arrive at a policy of affirming the legal and tenurial rights of the slum-dwellers.
- To establish a framework for involving all stakeholders in the efficient and smooth implementation of policy objectives.

6.1.81 Focusing on slums enables planners to look beyond income levels to neighbourhood and environmental considerations and this results in a more multi-dimensional view of urban poverty. In view of the progress made in decentralised urban governance through the 74th Constitutional Amendment, it is necessary to ask how this has benefited the slum-dwellers and provided them an increased opportunity to articulate their needs, and obtain assistance from civic authorities and urban planners. It does appear that the effort has been more towards providing some amount of civic services in an un-coordinated fashion than towards devising all-embracing programmes with participation of the slum-dwellers themselves, and finding solutions which provide not only a decent quality of life with prospects of further improvement, but also make slums redundant in our urban habitations. Slum dwellers need not perennially be at the receiving end of selected doles but must be made part of the urban economic and social processes with adequate opportunities for improving their lives, while contributing what is acknowledged to be a major share in the economic activities of the cities. Upgradation of living conditions of the urban poor has to be recognised as part of the national development process.

Some of the obvious lapses in slum programmes are:

- Non-listing of all habitations, big or small, which should be classified as slums.
- Lack of basic information on the number of households in such habitations, and the status of basic amenities.
- Absence of a master plan for a period of five years to gradually increase the level of civic amenities.
- Adherence to outdated and totally inadequate standards of services to the slum-dwellers, under the EIUS component.
- Failure to provide specific provisions in municipal laws for dealing with issues relating to the urban poor, slums, and economic planning for poverty alleviation, etc., which flow from the 74th Constitutional Amendment; failure to build up capacity in municipal bodies to provide the required services to slum communities and the urban poor.
- Uncertainty regarding agency arrangement for various slum improvement tasks between the municipal authority, development authority, slum board, housing board, parastatals, etc., and failure to provide a coordinating institutional arrangement;
- Failure to implement provisions made in Comprehensive Development Plans for the housing, and economic needs (production and marketing activities) of the urban poor, especially provision of land, and facilities for street vendors and hawkers. In the absence of such planning, unplanned growth takes place leading to 'informal' or unauthorised low quality settlements, and unauthorised hawking which subjects the poor to harassment from petty officials. It is often said that 'there is no place for the poor in town planning process' and even existing provisions are not implemented for the benefit of the urban poor.
- Failure on the part of land-owning agencies on which slums are located to take decisions on permission to make environmental improvement and in situ upgradation of slum clusters.

- Failure to converge available civic services in sanitation, paved access and drainage, streetlights, health-care, water supply, education, etc., by organising responsibility cells and involving the beneficiaries in planning of services.
- Lack of a commitment to achieve a breakthrough in bringing slum-dwellers out of the stigma and misery of living in slums, and instead, use funds such as National Slum Development Programme for tinkering with the symptoms.

The Importance Of Slum Upgrading

6.1.82 Action taken so far for slum improvement or in situ upgrading is inadequate. Re-designing and re-constructing settlements with the participation of residents and assistance from public bodies is a viable option with the least amount of disturbance to the settlers or their livelihood. This method of slum improvement needs to be practised on a much wider scale. The VAMBAY project permits in situ upgradation, and it is necessary that an early decision is taken regarding land on which slums are situated in order to facilitate upgradation.

6.1.83 Various Central Government schemes – National Slum Development Programme (NSDP), Swarna Jayanti Shahri Rozgar Yojana (SJSRY), VAMBAY, Night Shelters, Two Million Housing Scheme, Accelerated Urban Water Supply Programme (AUWSP), Low-Cost Sanitation — provide for a wide range of services to the urban poor including slum-dwellers. They include identification of the urban poor, formation of community groups, involvement of non-government organisations (NGOs), self-help/thrift and credit activities, training for livelihood, credit and subsidy for economic activities, housing and sanitation, environmental improvement, community assets, wage employment, convergence of services, etc. What is needed is to ensure that the task of meeting the needs of the slum-dwellers is better organised and effectively administered, and duly monitored at both State and Central levels. There are also many instances of successful implementation of urban poverty alleviation/slum upgrading and services programmes in the Indian situation.

APPROACH AND PROGRAMMES OF URBAN POVERTY ALLEVIATION IN THE TENTH PLAN

6.1.84 The 74th Amendment is intended to increase the participation of the people and accountability in administration. State Governments should legislate the requisite amendments to the municipal laws, to clearly devolve the tasks of urban poverty alleviation and slum improvement to the ULBs.

6.1.85 A multi-dimensional strategy is called for, which will focus on empowerment of the urban poor. The community structure under the SJSRY should be made the common pattern and the foundation of all programmes for the urban poor and slum dwellers. This would be an effective way to give the poor a forum to talk about their needs and, given the empowerment of the poor when organised, ensure that their demands are then met.

6.1.86 Services required by the urban poor – physical infrastructure as well as human development services - are simple to enumerate and, over the years, most of them have been attempted at least in a rudimentary fashion. During the Tenth Plan, the focus has to be on upgrading these services, and on convergence for achieving synergy. Convergence of services such as water supply, drainage, solid waste management, as well as for health care, family welfare, education, anganwadis and crèches should be the main plank of urban poverty alleviation. Outlays on water supply and sanitation should, in particular, focus on the needs of the urban poor. Setting up basic health and education units such as crèches, anganwadis, primary schools, public health units and primary health centres (PHCs) in areas where the urban poor live, is equally important.

6.1.87 At the state level there is need to:

- Set up urban poverty and slum improvement task forces. The first task should be to upscale the old standards of services under EIUS and make them more relevant to the average level of services available to the residents of the town/city.
- City administrations should create urban poverty alleviation (UPA) cells at the

municipal level. The cell should have representation of all the services required by slum-dwellers, as well as of the Community Development Societies set up under SJSRY, and NGOs active in the field. The UPA cell should be in overall charge of urban poverty and slum related programmes.

- The UPA cells should draw up City Poverty Alleviation Plans in which the community organizations of the poor created under the Swarn Jayanti Shahri Rozgar Yojana (SJSRY) should be involved. The tasks of various agencies should be well-defined and coordination should be effective. The thrust should be on the provision of all basic services such as potable water and sanitation services, including household taps, toilets with septic tanks, covered drains, waste collection services etc. to the slum settlements. Other activities for the socio-economic upliftment of the slum populations should also be taken up, making maximum use of the SJSRY and similar schemes.
- City-wide master plans for slum improvement should be drawn up with the objective of removing the slum characteristics of the selected settlements. The annual programmes and projects, including those to be financed out of NSDP funds, should be based on such master plans.

6.1.88 Programmes for urban infrastructure supported by the Central Government, such as the IDSMT and the Mega City Scheme should have adequate provisions for meeting the infrastructural deficiencies of settlements of the urban poor.

6.1.89 The personnel who deal with UPA programmes must appreciate the many forms urban poverty can take. These programmes must also deal with the policy-related causes of urban poverty such as inappropriate framework of urban services, inadequate coverage of education, health, infrastructure and transport, lack of labour rights and unemployment benefits, land and housing regulations which make it unaffordable for the poor

to find housing and push them to disaster-prone and unhygienic areas, lack of safety nets and social support systems, etc.. The designated UPA cell in the ULBs should be sensitised to ensure that the needs of the poor are provided for in investment plans and maintenance provisions.

6.1.90 The community structures created under SJSRY need to be strengthened and further diversified. One method would be to form associations of specific groups such as street vendors, who could have their own self-help groups, and network to create a financial interface with the formal sector financial institutions in order to gain access to credit. Social security benefits would be another area to cover. During the Tenth Plan, the scope of SJSRY should be expanded to include a scheme of contributory social security assistance such as insurance against death of the bread-winner, sickness, disability, and old age benefits to members of the community structures, in which there will be a matching contribution from the Government.

6.1.91 Capacity building is required for developing communication and inter-personal skills among the people responsible for providing for the needs of the urban poor, for improving the level of services and satisfaction of the beneficiaries, and for providing coordinated services from a number of line agencies. The creation of UPA cells has to be followed up by exposing personnel to techniques of convergence and team formation, communication and planning.

6.1.92 The positive aspect of SJSRY is that it contains the two basic requirements of any programme of poverty alleviation namely, community involvement and empowerment, and employment generation. Evaluation studies show that the progress of the scheme has not been remarkable, but that is no reason to give up the scheme itself. What is needed, instead, is to take corrective measures and improve implementation. Some areas of improvement are:

- The wage employment component should be used only for building assets and infrastructure relating to the urban poor, and not for general municipal works. The requirements should be selected by beneficiaries themselves and

implementation should be from such lists of works identified by the beneficiaries.

- The guidelines need to be simplified and made more concise, removing all ambiguities and contradictions.
- The component of vocational training should be revamped and the quality of training improved;
- Community organisers and project coordinators should be appointed wherever they are not present, and the persons must be qualified in social work. The role of NGOs in projects should be strengthened. The community structures created under the scheme should be fully involved in the activities under the scheme, including selection and implementation of works, thrift-and-credit groups, group economic activities, etc. These community structures should be encouraged to fulfil their role as pressure groups for highlighting issues relating to their upliftment.
- Monitoring of the project at both the Central and State levels should be strengthened.

6.1.93 There is, in general, despondency among agencies responsible for programmes such as SJSRY with regard to availability of credit. There is a feeling that the increased emphasis on the viability of banks and reduction of non-performing assets (NPAs) is beginning to affect the availability of credit for the urban self-employed. This would be an unfortunate development. There is an urgent need to restore the banking sector's role in providing credit support to the urban informal sector, especially the self-employed urban poor. As the Task Force on Employment Opportunities noted, banks can meet the credit needs of the informal sector by financing self-help groups which provide micro-credit for informal sector activities.

6.1.94 The concept of micro-finance essentially rests on the premise that (a) self-employment/enterprise formation is a viable alternative means of alleviating poverty, (b) lack of access to capital assets/credit acts as a constraint on existing and potential micro-enterprises and (c) the poor are capable of saving despite their low level of income. Micro-finance could be referred to as providing credit support, usually in small amounts, along with other components such

as training and other related services to people with poor resources and skills but who are in a position to undertake economic activities. Significant progress has been made in this area in recent years and the effort needs to be extended. Such self-help activity can be strengthened with the assistance of NGOs with a good track record.

6.1.95 The other area requiring a thorough review and overhaul is vocational training under SJSRY, much of which is in the government sector and fails to equip the candidates with any sustainable level of skills or for self-employment. Innovative areas of employment, as has been developed in Kerala under the Kudumbasree programme, needs to be emulated in other states.

6.1.96 Land-owning agencies should be set a strict time limit to decide whether or not they wish to retrieve the land under slums and participate in a resettlement programme. If they fail to decide, the slums should be brought under in situ development without further reference to the agency.

6.1.97 The National Slum Policy which has already been subjected to wide debate and discussion, should be given a final form, followed up by implementation.

Performance Of NSDP

6.1.98 The National Slum Development Programme (NSDP) initiated in the year 1997 as a scheme of Special Central Assistance, has been providing additional central assistance to State Governments for slum improvement. However, its performance has not been satisfactory mainly because of the delays at the State level in releasing the funds to implementing agencies. The monitoring of the programme at the Central level requires strengthening. To ensure proper utilisation, during the Tenth Plan the NSDP funds should be released for specific projects. States should submit annual plans for projects which will upgrade selected slums to get over the slum characteristics. The existing practice of releasing the funds to the states should be modified to this extent.

Night-Shelters For The Homeless

6.1.99 The programme of construction of Night Shelters for those without homes in urban areas

Box: 6.1.4

VAMBAY : The Scheme for Housing of Slum-Dwellers

The objective of VAMBAY (Valmiki-Ambedkar Awas Yojana), introduced in 2001-02, is to meet a long-standing gap in programmes for slum-dwellers, namely, provision of a shelter or upgrading the existing shelter of people living below the poverty line in urban slums. Twenty per cent of the total allocation under VAMBAY will be provided for sanitation and community toilets will be built for the urban poor and slum dwellers. Each toilet block will be maintained by a group from among the slum dwellers who will make a monthly contribution of about Rs. 20 per family. Provision of water is also included in the scheme.

The programme is intended to be implemented in partnership with State Governments, who will set up the implementation machinery, arrange for land where required, and arrange for the credit component of the housing programme. The upper limit of Central subsidy will be Rs. 30,000 per unit in Delhi and the five mega cities, and Rs. 25,000 per unit in other million-plus cities, and Rs. 20,000 for all other cities and towns. The upper limit for upgradation of an existing unit shall be 50 per cent of the cost ceiling specified for the construction of a new house. The entitlement of the states for funds under the scheme will be in proportion to their slum population.

requires rejuvenation. The provision of subsidy under the scheme has to be adequate to make it feasible for NGOs working in the field of housing for the poor, to take up construction and operation of the shelters. The NGOs will also need assistance in procuring land, though the maintenance of the shelters can be left to the NGOs themselves. Hence there is need to revise the scheme, raising the grants per bed to realistic levels, so as to achieve the objective of providing a sufficient number of night-shelters. Establishment of special night-shelters for shelterless women and children will be a focal area for the Tenth Plan.

Plan Outlay

6.1.100 An outlay of Rs 29719 crore has been allocated to Ministry of Urban Development & Poverty Alleviation of which Rs 18669 will come from IEPR and remaining Rs 11050 crore will be provided as gross budgetary support. The schemewise break-up of the Tenth Plan outlay for Ministry of Urban Development & Poverty Alleviation is given in the Appendix.