

Urban Infrastructure, Housing, Basic Services and Poverty Alleviation

OVERVIEW

URBAN SCENARIO IN THE GLOBAL CONTEXT

11.1 Urbanization is a key indicator of economic development and should be seen as a positive factor for overall development. Also, as an economy grows, its towns and cities expand in size and volume and the contribution of the urban sector to the national economy increases. For instance, the contribution of urban sector to India's GDP has increased from 29% in 1950–51 to 47% in 1980–81. The urban sector presently contributes about 62%–63% of the GDP and this is expected to increase to 75% by 2021 (see Box 11.1).

Box 11.1 Vision

Indian cities will be the locus and engine of economic growth over the next two decades, and the realization of an ambitious goal of 9%–10% growth in GDP depends fundamentally on making Indian cities much more livable, inclusive, bankable, and competitive.

11.2 The trends of urbanization in India in the recent decades indicate the following key features:

- The degree of urbanization in India is one of the lowest in the world. With about 27.8% of the total population living in the urban areas, India is less

urbanized compared to many countries of Asia, viz., China (32%), Indonesia (37%), Japan (78%), South Korea (83%), and Pakistan (35%).

- There is a continued concentration of the urban population in large cities and existing city agglomerations (Class I cities with population over one lakh) account for 68.9% of the urban population and this proportion has been growing. The growth of rural settlements which are acquiring urban characteristic is very slow and there is reluctance on the part of the States to notify the rural settlements as a town.
- There are large variations in the spatial patterns of urbanization across the States and cities.
- The pattern of population concentration in large cities reflects spatial polarization of the employment opportunities.

11.3 This phenomenon has led to tremendous pressure on civic infrastructure systems, water supply, sewerage and drainage, uncollected solid waste, parks and open spaces, transport, etc. It has also led to deterioration in the quality of city environments. In several cities, the problems of traffic congestion, pollution, poverty, inadequate housing, crime, and social unrest are assuming alarming proportions.

11.4 The number of urban agglomerations and towns has increased from 3768 in 1991 to 5161 in 2001. Further, this urbanization is characterized by incomplete

devolution of functions to the elected bodies, lack of adequate financial resources, unwillingness to progress towards municipal autonomy, adherence to outdated methods in property taxation, hesitation in levy of user charges, unsatisfactory role of parastatals in the provision of water supply and sanitation services. Also, the governance requirements under the 74th Constitution Amendment Act (CAA) in respect of the District Planning Committees and Metropolitan Planning Committees (MPCs) have not been met in a number of States.

11.5 The extent and magnitude of the urban population calls for extra efforts by city planners and managers to cope up with the ever-growing strain on the urban infrastructure. Special attention is needed for management and governance of urban areas which are at present fragmented between different State-level agencies and urban local bodies (ULBs), with lack of co-ordination.

11.6 The policymakers need to focus on new ways to achieve the results and on different benchmarks that capture efficiency, effectiveness, quality, and sustainability in governance, service delivery, inter-governmental municipal finances, and social development. Some of the strategic interventions are summarized in Box 11.2.

NATIONAL URBANIZATION POLICY

11.7 The time is ripe to formulate a long-term National Urbanization Policy indicating the emerging pattern of urbanization and measures to channelize future urban growth in an equitable and sustainable manner. It should encompass the changing economic scenario, reform agenda of Jawaharlal Nehru National Urban Renewal Mission (JNNURM), and the role of ULBs in the era of globalization. The objectives of balanced and

sustainable development are to be achieved by reducing spatial disparities.

REGIONAL DEVELOPMENT PLANS

11.8 The regional development plans at the State level need to be formulated as a broad policy and vision document for the development of urban and rural growth centres in an integrated manner.

ROLE OF GOVERNMENT AS A FACILITATOR

11.9 The GoI should play the role of a facilitator as is being done through JNNURM and various other reform initiatives such as property tax reforms, municipal accounting reforms, model municipal law, guidelines on private sector participation, etc. It should also come up with a policy framework for regulators in the urban sector. The State Governments should play a similar role to facilitate the ULBs in order to provide an enabling environment for the ULBs to function as effective units of self-governance at the local level. Urban poverty alleviation, slum up gradation, and basic services to the urban poor will continue to remain as functions belonging to the public domain. These functions are redistributive in nature and are best handled through redistributive taxes at the control of Central and State Governments. Thus, Central–State–ULB partnerships will be necessary as potentially effective ways to address the emerging issues of urban development.

PRIVATE SECTOR PARTICIPATION

11.10 Private sector participation in the water supply and sanitation sector could not make significant progress till now. There is substantial need and potential for the same in the Eleventh Plan. However, without aiming at the full cost recovery, private sector participation cannot be a successful proposition.

Box 11.2 Strategy of Urban Development

- Strengthening urban local bodies through capacity building and better financial management.
- Increasing the efficiency and productivity of cities by deregulation and development of land.
- Dismantling public sector monopoly over urban infrastructure and creating conducive atmosphere for the private sector to invest.
- Establishing autonomous regulatory framework to oversee the functioning of the public and private sector.
- Reducing incidence of poverty.
- Using technology and innovation in a big way.

THE CONSTRAINTS

11.11 The transformation of the Indian cities faces several structural constraints. Foremost, the current urban development model starves cities of financing. Also, weak or outdated urban management practices—inappropriate planning systems, unsustainable service delivery models, and lack of focus on the urban poor—negate the benefits of agglomeration economies in Indian cities by distorting land and housing markets, rendering cities non-creditworthy, and leaving them with expensive yet poorly functioning urban services.

11.12 The current urban management techniques are also out-moded. The Master Plan concept—as currently practised in India—is not widely used elsewhere. Besides, it is not well suited to rapidly growing cities and multi-jurisdiction urban agglomerations. The Master Plan concept has also not been useful in addressing India's large and widely spread slums. By locking-in the supply of buildable land and space, the Master Plan, inter alia, inhibits the development of housing markets and contributes to the proliferation of slums. Therefore, there is an urgent need to develop new management and service delivery approaches across the board.

REVIEW OF SCHEMES OF THE TENTH PLAN

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM)

11.13 Consistent with the policies of the present government, the Prime Minister of India launched JNNURM on 3 December 2005 to give focused attention to integrated development of urban infrastructure and services in select 63 cities with emphasis on provision of basic services to the urban poor, including housing, water supply, sanitation, road network, urban transport, development of inner (old) city areas, etc. A provision of Rs 50000 crore has been made as reform-linked Central assistance over the Mission period of seven years beginning from 2005–06. The provision of Central assistance is linked to the implementation of certain mandatory as well as optional reforms at the State and ULB/parastatal levels during the Mission period. Against the allocation of Rs 4900 crore for 2006–07, an amount of Rs 3906 crore was released. In 2007–08, an amount of Rs 5500 crore has

been allocated. Subsequently, additional Rs 500 crore was allocated in 'Plan B'.

11.14 In its initial period, the Mission has focused on finding good urban infrastructure investments that can ultimately be undertaken on a self-sustaining basis. Now that this search process has been put in place, a more systematic perspective needs to be adopted. It has to be realized that the ability to tap India's increasingly sophisticated financial markets will remain severely circumscribed till the local bodies become credible and accountable.

URBAN REFORM INCENTIVE FUND (URIF)

11.15 The Tenth Plan underlined the need for broad-based reforms to overcome the impediments of urban growth and stipulated that conformity to the reform agenda through the URIF will be made obligatory for the Central assistance. URIF called upon the States to repeal the Urban Land (Ceilings and Regulation) Act 1976, reform Rent Control Acts, strengthen property tax system, reduce stamp duty, introduce double entry accounting system, and revise user charges to cover operations and maintenance costs. An allocation of Rs 300 crore was made under URIF for allocation to different States for implementing the reform agenda. The scheme was later subsumed in JNNURM.

MEGA CITY

11.16 A CSS for infrastructure development in the mega cities was introduced in 1993–94 to cover a wide range of projects on water supply and sewerage, roads and bridges, city transport, solid waste management, etc. The Central share released during Tenth Plan amounts to Rs 908.69 crore (anticipated expenditure) against an allocation of Rs 1050 crore. The scheme has since been subsumed in JNNURM.

INTEGRATED DEVELOPMENT OF SMALL AND MEDIUM TOWNS (IDSMT)

11.17 IDSMT was launched in 1979–80 to improve the economic and physical infrastructure and to provide essential facilities and services in small and medium towns. Since inception, upto 31 March 2007, a total of 1854 towns, out of 5092 small and medium towns (2001 Census), were covered under the scheme. Out of an approved outlay of Rs 1304.65 crore for the

Tenth Plan, the anticipated expenditure is Rs 566.43 crore (43.4%). As the performance of the scheme was not satisfactory, an evaluation was carried out in 2002 which showed that the scheme suffered from (i) lack of capacity for implementation, (ii) non-availability of matching States share, and (iii) non-availability of unencumbered land for the projects. The scheme has since been subsumed in JNNURM as Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT).

ACCELERATED URBAN WATER SUPPLY PROGRAMME (AUWSP)

11.18 AUWSP was launched in March 1994 to provide safe and adequate water supply to towns having population less than 20000 (as per 1991 Census), to improve environment and quality of life, and to bring about better socio-economic conditions to sustain the economy. Since its inception, 1244 towns have been covered and 639 projects have been completed at an estimated cost of Rs 1822.38 crore, including Central funds of Rs 828.06 crore. Against the approved outlay of Rs 900 crore for the Tenth Plan, an expenditure of Rs 406.50 crore was incurred which is about 45.2%. Concurrent evaluation of the scheme was made in November 2003 for 62 towns in 24 States. Major recommendations of the study included handing over of the scheme to ULBs, timely release of State funds, periodic review of tariff, and training to field engineers for effective implementation. The scheme has since been subsumed under JNNURM. However, for completion of ongoing projects, Rs 32.50 crore has been provided for 2007–08.

PILOT PROJECT ON SOLID WASTE MANAGEMENT NEAR AIRPORT IN FEW SELECTED CITIES

11.19 A Central sector scheme on solid waste management in 10 selected air field towns was approved in 2003 as 100% grant from the GoI towards capital cost and was to be completed in three years. Subsequent to the completion of the project, the scheme was to be handed over to the concerned ULBs for day-to-day O&M. While eight projects, viz., Sirsa, Jodhpur, Pune, Gwalior, Tezpur, Adampur, Dindigul, and Ambala are being executed by National Building Construction Corporation (NBCC), projects for Hindon and Bareilly are being executed by Uttar Pradesh Jal Nigam. The approved cost

of the project is Rs 99.34 crore. The projects are under various stages of execution.

NEW INITIATIVES FOR THE ELEVENTH PLAN

POOLED FINANCE DEVELOPMENT FUND (PFDF)

11.20 The government had approved on 29 September 2006 a proposal for setting up of a PFDF to provide credit enhancement to the ULBs to access market borrowings based on their credit worthiness through State-level Pooled Finance mechanism. The broad objectives of PFDF are:

- Facilitate implementation of bankable urban infrastructure projects through appropriate capacity-building measures and financial structuring of projects.
- Facilitate the ULBs to access capital and financial markets for investment in critical urban infrastructure by providing credit enhancement grants to State-pooled Finance Entities for accessing capital markets through Pooled Financing Bonds on behalf of one or more identified ULBs for investment in the urban infrastructure projects.
- Reduce the cost of borrowing to local bodies with appropriate credit enhancement measures and through restructuring of existing costly debts.
- Facilitate development of Municipal Bond Market.

11.21 All State/UT governments have been requested to take necessary preparatory action for operationalization of the scheme to avail benefit from this financial year. In this connection, to sensitize the State Governments and all stakeholders for implementation of the scheme in a time-bound manner, a National Workshop was organized in Chennai on 20 November 2006 and the scheme was formally launched. During 2006–07, Rs 50.00 crore has been provided for the scheme. An amount of Rs 100 crore has been provided to the Ministry of Urban Development for 2007–08 for PFDF. For the Eleventh Plan period, a provision of Rs 2500 crore has been made.

NATIONAL URBAN INFRASTRUCTURE FUND (NUIF)

11.22 The NUIF is proposed to be set up as a trust to provide source of funding for bankable projects/schemes pertaining to the ULBs. The commercial

banks are hesitant to lend to ULBs due to apparent lack of capacity of the ULBs to meet their debt service obligations on the one hand and lack of expertise amongst financial institutions to lend for viable urban infrastructure projects on the other. NUIF will serve as an SPV that will create necessary comfort level amongst financial institutions with respect to repayments by avoiding direct exposure of commercial banks to the ULBs. The process of consultation for setting up of NUIF is presently in the advanced stage.

DEVELOPMENT OF SATELLITE CITIES/COUNTER MAGNET CITIES

11.23 Metros and mega cities, which have become the centre of trade and commerce, have to cope with their own problems along with unabated in-migration from small and medium towns and vast rural hinterland. These have to be planned beyond the municipal limits and due importance may be given to integrated transport and communication. The other settlements located in the vicinity of the mother city are to be developed as satellite/counter magnets to reduce and to redistribute the population and population influx. To cope with the above problem, the government has proposed a new scheme for development of satellite towns/counter magnet cities. This will help in the development of metropolitan regions. Token provision for the scheme has been made in the Budget of the Ministry of Urban Development for 2007–08.

E-GOVERNANCE IN MUNICIPALITIES

11.24 The key objectives of the Mission are to introduce e-governance in the municipalities to provide single window services to the citizens, to increase efficiency and productivity of the ULBs, to provide timely and reliable management information, etc.

11.25 The scheme envisages to cover all ULBs in Class I cities (423 in total having population of one lakh or more) during 2007–08 to 2011–12. A total of 35 cities with million plus population are proposed to be covered as part of JNNURM. However, a new CSS Scheme for other cities and towns other than 35 cities would wait for the present till the implementation is watched in 35 cities as a part of JNNURM. Eight services relating to birth and death certificates, property

tax, building plan approval, health programme, solid waste management, accounting system, etc., will be covered under the programme.

JNNURM—AN INSTRUMENT OF CHANGE

11.26 Cities and towns have a vital role in India's socio-economic transformation. The cities in India are serving as a nodal point for innovation and are playing a vital role in the Global Market. Most cities and towns are severely stressed in terms of infrastructure and service availability. In 2001, 50.3% of the urban households had no piped water within their premises and 44% of them were devoid of sanitation facilities. About 25.7% of country's urban population continues to be below the poverty line in 2004–05. According to the 2001 Census, 14.12% of the urban population lives in slums with a significant proportion of it without access to basic services.

OVERVIEW OF THE MISSION

11.27 JNNURM rests on the postulate that cities make a meaningful contribution to India's economic growth and poverty reduction. This programme seeks to fulfil the Millennium Development Goals, and is envisaged to operate in a Mission mode by facilitating investments in the urban sector. It seeks to incentivize policy and institutional reforms, leading to sustainable socio-economic growth, service delivery, and improved governance in the Mission cities. It also aims at developing appropriate enabling frameworks to enhance the creditworthiness of the municipal bodies and integrate the poor with the service delivery systems.

STRATEGY OF THE MISSION

11.28 The Mission seeks to achieve the objective of integrated development of cities, for which the cities are required to formulate a City Development Plan (CDP), bringing out long-term vision for the cities and support their efforts through funding of project proposals. A CDP is anchored on the goal of JNNURM in creating economically productive, efficient, equitable, and responsive cities. The essential requirement of the Mission is implementation of urban reforms, within the Mission period. On the basis of the satisfactory completion of the above tasks, funding support is provided in the form of ACA, ranging

from 35% to 90% of the project cost, based on the city category. The Mission also aims to leverage and incorporate private sector efficiencies in development, management, implementation, and financing of projects, through PPP arrangements, wherever appropriate.

EXPECTED OUTCOMES OF JNNURM

- Financially sustainable cities for improved governance and service delivery.
- Universal access to basic services in urban areas.
- Transparency and accountability in governance.
- Adoption of modern transparent budgeting, accounting, and financial management systems.

11.29 There is an increased application of e-governance in service delivery and internal operations.

OPERATIONAL ISSUES LINKED TO JNNURM PROCESS

11.30 Sustaining momentum of the Mission by continuous engagement with all cities and at the same time ensuring wider ownership has been a major challenge while operationalizing the Mission.

11.31 The capacity of city-level agencies to absorb the investment support and delivery on reforms is a critical bottleneck. The Mission needs to calibrate and pace its capacity-building efforts in a manner so as to ensure that all Mission cities are able to reap the benefits of the programme and meet its stated goals and objectives.

11.32 Projects hitherto being implemented by city-level agencies have been very small in size compared to those being taken up under JNNURM. The overall institutional capacity and more specifically the project implementation capacity is clearly inadequate to deal with such large projects. This calls for immediate lateral expansion of human resources with appropriate skills, backed up by good project management systems. There is also a shortfall in the contracting capacity in the private sector. Large/organized sector players in infrastructure industry have not yet seriously looked at municipal infrastructure because of uncertainty in enabling environment. The project sizes have

been small, with overdependence on the government funding. Poor credibility of implementing agencies is also one of the concerned areas.

11.33 Successful implementation of reforms within the committed timeframe is critical to the success of the Mission. The challenge is to facilitate the cities to internalize the reforms. Simultaneously, the process of reporting and monitoring progress of reforms needs to be sustained throughout the Mission period. The experience of implementation of JNNURM shows that the following issues need to be addressed:

- Need for adequate attention to the priority sectors, viz., water supply, sewerage, sanitation, storm water drainage, etc., in the CDPs prepared under JNNURM. Undue focus is presently given to on-road projects and flyovers.
- Need for focus on recovery of O&M costs and possibility of involving private sector through the PPP mode in the CDPs.
- Need for synergy between the Ministries of Urban Development and HUPA in the implementation of JNNURM. Both the ministries need to work in close co-ordination and synergy.
- Need to ensure improvement in urban governance so that the ULBs/parastatal agencies become financially sound. The Central and State agencies must ensure timely implementation of the agenda of reforms.
- Need to strengthen monitoring mechanism and ensuring that milestones for reforms are achieved during the project period and not extended to the Mission period.

11.34 As the programme is in the third year of implementation, the programme needs to be evaluated by an independent agency so as to take timely appropriate remedial measures.

MEASURES TO STRENGTHEN JNNURM PROCESSES

11.35 Several workshops and seminars have been organized at regional and State level, apart from day-to-day interactions to speed up the participation of low performing States in the Mission.

11.36 The government is organizing a series of workshops/seminars with the objective of dissemination of the Mission objectives among the elected representatives and municipal functionaries. These fora have been instrumental in enhancing citizen involvement and improving technical capacities for project preparation and implementation by the ULBs/other city-level agencies, in various cities and States. To enhance community participation in the planning process and in various aspects of implementing JNNURM, the sub-Mission on urban infrastructure and governance has created a Community Participation Fund. This is to enable the citizens to develop a sense of ownership on community assets and take on responsibilities for community-based projects. To improve community participation in the implementation of the Mission, a Technical Advisory Group has been set up at the national level, which is to be further supported by similar structures at the State and city levels.

11.37 The Mission is in the process of preparing a framework for capacity-building and up-scaling of all related activities in order to bridge the capacity gap in implementation of projects and reforms. It is proposing to conduct a rapid training programme for municipal functionaries in key areas such as governance and reforms, DPR preparation, and project preparation. For fulfilling the long-term requirement of human resource challenges in the ULBs, the government is in the process of establishing a network of regional institutions across the country, which will address training and capacity-building needs for the States, cities, and other related institutions.

11.38 Strengthening communication channels to facilitate institutionalization and internalization of reforms is a key to the success of the Mission. The government has also appointed independent agencies for monitoring the implementation of the reforms. A quarterly progress reporting system for the cities and States has been instituted under the Mission. Apart from this, an MIS has been developed for monitoring projects and reforms.

11.39 To address the issues of credibility and financial sustainability of the ULBs, Municipal Finance Improvement Programme has been launched. A Task

Force constituted under the programme has recommended measures to synergize all financial resources at city level and improve environment to access finance. As a part of the recommendation, all the ULBs under JNNURM are being rated on the basis of their financial capacities and credit worthiness.

11.40 In order to strengthen the UIDSSMT, State Governments have been advised to get the CDP prepared for the cities covered under UIDSSMT as a Vision Document. State-level Nodal Agencies (SLNAs) should develop in-house capacity to advise and guide the ULBs in preparing viable DPRs. The State Governments should ensure adequate budgetary provisions in their Budget to meet State/ULBs' share as stipulated in the guidelines. For monitoring and implementation of the project and reforms at the local level, a Project Implementation and Monitoring Cell may be established within the respective ULBs. SLNAs may prepare a panel of consultants by following a transparent procedure for preparation of DPRs.

PREPARATION AND DISSEMINATION OF BEST PRACTICE DOCUMENTS

11.41 The best practices under the Mission are being disseminated through the websites, workshops, and seminars. Apart from this, the government has launched an initiative called Peer Experience and Reflective Learning (PEARL) to facilitate networking among JNNURM cities to encourage cross learning and knowledge sharing. The cities have organized themselves in various groups/networks having similar socio-economic profile. The city networks have selected a Knowledge Manager for the respective groups to anchor partnerships within and outside the networks for exchange of best practices in urban governance and reforms.

ISSUES FOR FUTURE ACTIONS

- Rapid economic growth will inevitably lead to an increase in urbanization as the cities provide large economies of agglomeration for individual activity. The biggest constraint on rapid growth in the years ahead will be the inadequacy of urban infrastructure and its poor quality compared with global scenario. We have to strive for equity and inclusiveness in urban infrastructure so as to

ensure that the city-wide infrastructure systems get linked with service networks in slums and low income settlements.

- The main challenge would be to bring about planned urbanization for the country and creation of new growth centres around existing small and medium towns.
- Urban reforms may be made essential for eligibility for assistance under all Urban Infrastructure Developments Schemes.
- Safe drinking water supply and sanitation facilities are basic needs and are crucial for achieving the goal of 'Health for All'.
- JNNURM has the potential to transform infrastructure and improve the civic amenities in selected cities greatly. It, therefore, needs to be implemented with vigour.

DETAILS OF SCHEMES/PROGRAMMES FOR THE ELEVENTH PLAN

NATIONAL CAPITAL REGION PLANNING BOARD (NCRPB)

11.42 The key rationale for constituting an NCRPB in 1985 was to reduce the rate of in-migration into the National Capital as well as to develop the region at a level comparable to the best in the world. Keeping in view with its objectives, the Board has prepared regional plans, 2001 and 2021, along with complementary functional plans related to the key elements of infrastructure.

11.43 In order to implement major thrust areas of the regional plans, the Board is also arranging for and overseeing the financing of selected development projects in NCR through Central grants and contribution from the Government of National Capital Territory of Delhi, by recycling loan repayments and internal accruals. To supplement its resources, the Board has also raised resources from the capital market in the form of bonds in the past.

11.44 The Government of Delhi in its Plan document has desired that NCRPB should contribute significantly in the development process of Delhi by initiating a number of inter-state projects in the NCR in the areas of power generation, water supply, sanitation, etc.

The projects identified for being financed during the Eleventh Plan involve a total cost of Rs 15000 crore. Some of these projects will be taken up in collaboration with other stakeholders. Out of the total projected cost of projects, it is expected that the loan component will be above Rs 11000 crore.

NATIONAL URBAN INFORMATION SYSTEM (NUIS)

11.45 The major objective of the NUIS is to establish a comprehensive information system in the ULBs for planning, management, and decentralized governance in the context of implementation of the 74th CAA. The following activities have been undertaken:

- Mapping at 1:10000 scale from satellite images, 1:2000 scale from aerial photos, and 1:1000 scale utility mapping for 24 towns being taken up by Survey of India.
- Establishment of NUIS cells in State nodal agencies.
- Setting up of National Urban Databank and Indicator in each State nodal agency.
- Capacity building among town planners for use of modern automated methods.

11.46 So far, implementation of NUIS scheme has been slow and, therefore, all stakeholders of the scheme need to speed up the implementation of the scheme. States and UTs need to release their share for purchase of hardware and software for the NUIS cells in State nodal agencies and ULBs. The capacity building component under NUIS scheme has trained 160 personnel. A total of 22 programmes are proposed to be conducted to train 440 officers during 2007–08. An outlay of Rs 24 crore and Rs 9 crore has been allocated in the Annual Plan 2006–07 and 2007–08 respectively.

COMMONWEALTH GAMES

11.47 Delhi Development Authority has been assigned the task of development of Games Village, Competition Venues for sports events, viz., Table Tennis, Badminton, Squash, Billiards, Snookers, etc. for the forthcoming Commonwealth Games, 2010. To develop requisite facility at sports complexes in Delhi, a provision of Rs 80 crore has been made to the Ministry of Urban Development for 2007–08.

URBAN BASIC SERVICES

STATUS OF URBAN BASIC SERVICES

11.48 The quality of water and its distribution are areas that require special attention in the Eleventh Plan. Table 11.1 gives the status of city/town-wise access to drinking water. Sewerage facilities are almost absent in a large number of unauthorized and resettlement colonies and slum and squatter settlements. At certain places, cost incurred by the poor to fetch water is much higher than for valid connection holders. Waste water

TABLE 11.1
City/Town-wise Average Access to Drinking Water

City/Towns (Population)	Average Access to Drinking Water (%)
Class I cities (100000 and above)	73
Class II cities (50000–99999)	63
Class III cities (20000–49999)	61
Other cities/towns (<20000)	58

Source: Ministry of Urban Development, GoI.

and sewage treatment and its reuse for non-potable purposes and industries are also limited and need attention. Moreover, cattle menace, open defecation, dumping of solid wastes along roadsides, open dumping of medical and hazardous wastes, etc., are commonly sighted (see Box 11.3 below). Concerted efforts are required to fill these gaps and make cities clean, healthy, and livable.

URBAN WATER SUPPLY

11.49 To achieve 100% coverage of population with urban water supply by the end of the Eleventh Five Year Plan, the following steps need to be taken:

- To bring out State Ground Water Legislation based on the Model Ground Water Legislation brought out by the CGWB.
- Keeping in view the NWP, the States should formulate State Water Policy to meet drinking water needs.
- Under JNNURM, special attention should be given to cities and towns which are affected by water contamination due to presence of chemicals such as iron

Box 11.3 Status of Urban Services

Water Supply

- As per 54th round of NSS, 70% of urban households reported being served by tap and 21% by tubewell or hand pump.
- 66% of urban households reported having their principal source of water within their premises while 32% had it within 0.2 km.
- 41% had sole access to their principal source of drinking water and 59% were sharing a public source.

Sewerage

- 54th round of NSS reported 26% of households having no latrines, 35% using septic tank, and 22% using sewerage system.
- In urban areas sewerage connections varied from 48% to 70%.
- According to Central Pollution Control Board, the waste water generated in 300 Class I cities is about 15800 million litres per day while the treatment facilities exist for hardly 3750 million litres per day.

Solid Waste

- It is estimated that about 115000 metric tonnes of municipal solid waste is generated daily in the country.
- Per capita waste generation in cities varies between 0.2–0.6 kg per day and it is increasing by 1.3% per annum. With the growth of urban population, the increase in solid waste is estimated at 5%.
- The solid waste generated by the million plus cities varies from 1200 metric tpd in cities like Ahmedabad and Pune to a maximum of 5000–5500 metric tpd in cities like Delhi and Mumbai.
- The per capita solid waste generation varies from 300 gm in Bangalore to 500–550 gm in Mumbai and Delhi.
- Out of total waste generated in the million plus cities, hardly 30% is treated before disposal.

and fluoride. Water Quality Testing Laboratories may be set up in all cities and towns and existing labs be strengthened to check water-borne diseases.

- Suitable strategy should be evolved by the States/ULBs for meeting O&M costs. Metering of water may be made mandatory for generating sufficient revenues. Telescopic water tariff/user charges should be formulated and levied to discourage excessive use of water.
- Need to check the leakages and unaccounted water, particularly in cities where it is as high as 50%. Such losses should be minimized or eliminated through intensive leak detection and rectification programme.
- The State Governments/ULBs should take up reform measures under JNNURM for water and energy audit, reuse and recycling, levy of realistic user charges, efficient water use and its equitable distribution, rain water harvesting, commercial accounting systems, consumer orientation, cost recovery, artificial recharge of groundwater, etc.
- To meet the requirement of funds, efforts should be made to step up the quantum of funds through institutional financing, foreign direct investment, assistance from bilateral and multi-lateral agencies, newly launched Pooled Finance Development Scheme, tax-free municipal bonds, PPPs, Member of Parliament Local Area Development Programme (MPLAD) funds, etc.

MANAGEMENT OF MUNICIPAL SOLID WASTE

11.50 On an average, the collection efficiency of solid waste ranges between 70% and 90% in metro cities, whereas in several smaller cities it is below 50%. The ULBs spend Rs 500–1500 per tonne on solid waste collection, transportation, treatment, and disposal. During the Eleventh Five Year Plan, emphasis would be laid on scientific and safe disposal of waste. Waste recycle, reuse, resource recovery, adoption of advanced technological measures for effective and economical disposal will have to be followed vigorously.

11.51 Private parties have shown encouraging response and they need to be increasingly involved. With the application of modern technology, the waste can be converted into profitable products such as organic pellets, construction material, etc. To deal with the solid

waste management the States should encourage the PPP mode projects.

11.52 With rapid industrialization, growth of services sector, and rise in incomes, the rate of waste generation has gone up manifold. The following steps need to be taken for its management:

- Cities and towns should be provided with appropriate solid waste management facilities with emphasis on use of low-energy consuming technologies for processing and treatment of municipal solid waste.
- Compulsory production of compost from solid waste and application of this organic manure in agriculture and horticulture to improve soil fertility.
- Implementation of the recommendations of Report of the Inter-Ministerial Task Force on the 'Integrated Plant Nutrient Management Using City Compost' in managing the city garbage in a sustainable manner.
- Segregation and storage of waste, door-to-door collection, and transportation along with appropriate plant design should be enforced as per Municipal Solid Waste Management and Handling Rules, 2000. NGOs should be encouraged to provide organizational support and identity to the ragpickers, who play an important role in recycling of the waste.
- Adequate land should be earmarked/allotted at the planning stage itself for setting up of sanitary land fills, compost plants, and other processing units including provision for future expansion.

SEWERAGE, LOW-COST SANITATION, STORM WATER DRAINAGE

11.53 About 63% of the urban population has access to sewerage and sanitation facilities as on 31 March 2004. This includes both underground as well as sanitation through septic tanks. The access to underground sewerage facilities is very low, that is below 30% in many States, viz., Rajasthan, Orissa, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, and West Bengal. According to the MTA of the Tenth Five Year Plan, nearly 46% of urban households have water toilets, but only 36% of the urban households are connected to the public sewerage system.

11.54 Underground network of sewerage has developed to a considerable extent in urbanized States where cities have developed in a planned manner, viz., Delhi, Chandigarh, Greater Noida, etc. However, within the cities, large number of unauthorized colonies, resettlement colonies, slums, and squatter settlements are often deprived of underground sewerage facilities.

11.55 To achieve 100% population coverage for sewerage, sewage treatment, and low-cost sanitation facilities in urban areas during the Eleventh Plan, the following steps need to be taken:

- Install more plants to treat, recycle, and reuse sewage.
- Industrial and commercial establishments must reuse and recycle treated sewage to reduce fresh water demand.
- The ULBs should amend their by-laws to make it mandatory for all residents to connect their toilets to the existing sewerage system.
- Fringe areas of cities and colonies of economically weaker sections and slum dwellers should be covered with low-cost sanitation facilities, either on individual household basis or community basis with 'pay and use system' with adequate maintenance arrangements. Necessary penal clause should be enforced effectively to stop open defecation practice as well as indiscriminate throwing of garbage/litter in public places.
- Targeted subsidy may be given to urban poor for taking water supply/sewerage house service connections, metering, and construction of toilets.
- Comprehensive storm water drainage system should be developed in all cities and towns in order to avoid water logging during monsoon.

INVESTMENT NEEDS FOR URBAN WATER SUPPLY AND SANITATION, SEWERAGE, DRAINAGE, AND SOLID WASTE MANAGEMENT SECTORS DURING THE ELEVENTH FIVE YEAR PLAN

11.56 The total fund requirement for the implementation of the Eleventh Five Year Plan schemes in respect of urban water supply, sewerage and sanitation, drainage, and solid waste management is estimated as given in Table 11.2.

AVAILABILITY OF FUNDS

11.57 To improve the infrastructure relating to water supply and sanitation in the urban centres, the

government is assisting the ULBs and the State Governments through various schemes and special Central assistance (SCA). Under JNNURM, water supply and sanitation have been accorded highest priority among the eligible components and almost 40% of the outlay would be spent on water supply and sanitation sector leaving a gap of Rs 89237 crore.

TABLE 11.2
Funds Requirement—Urban Basic Services

		(Rs in Crore)
S. No.	Sub-Sector	Estimated Amount
1.	Urban water supply	53666
2.	Urban sewerage and sewage treatment	53168
3.	Urban drainage	20173
4.	Solid waste management	2212
5.	MIS	8
6.	R&D and PHE training	10
Total		129237

Source: Ministry of Urban Development, GoI.

For bridging the gap, the following possible sources are identified. Table 11.3 gives the proposed flow of funds.

TABLE 11.3
Proposed Flow of Funds

Source of Funding	Amount (in Rs Crore)
Central sector outlay	70000*
State sector outlay	35000
Institutional financing	10000
Assistance from external support agencies	10000
FDI and private sector	4237
Total	129237

Note: * The actual allocation provided for JNNURM is Rs 50000 crore during 2005–12 out of which the amount available for Urban Water Supply, Sewerage, Solid Waste Management is expected to be in the range of Rs 15000 crore. The shortfall will need to be met by other sources of finance if the objective of covering 100% population with Water Supply and Sanitation facilities is to be met during the Eleventh Plan.

Source: Ministry of Urban Development, GoI.

Central Sector Outlay

11.58 The Central sector outlay may be stepped up from the present Rs 50000 crore to around Rs 70000 crore under the ongoing Central programme of JNNURM so that great thrust could be given to water supply and sanitation sector in the urban areas.

State Sector Outlay

- Likewise, the State sector outlay which stood at Rs 18749 crore during the Tenth Plan may be stepped up to around Rs 35000 crore.

Institutional Financing

- Funds may be mobilized through national financial institutions such as LIC, HUDCO, IL&FS, etc., to the tune of Rs 10000 crore.

Additional Assistance from External Support Agencies (ESA)

- Funds may be mobilized from external funding agencies viz. World Bank, JBIC, ADB, and other agencies to the tune of about Rs 10000 crore.

FDI and Private Sector

- In addition, foreign direct investment and private sector funds up to Rs 4237 crore may be mobilized to support the sector's activities.

PROVISION OF BASIC SERVICES TO THE URBAN POOR AT THEIR WORKPLACE

11.59 In all stages of planning, formulation, and execution of water and sanitation projects, poor and disadvantaged sections of society and SC/ST population should be included and their needs accorded top priority. The programmes of other Central Ministries such as SC/ST Plans and Tribal Welfare Plan may be suitably dovetailed with JNNURM. CDPs should give special attention to the problems and needs of these vulnerable sections of society.

URBAN POVERTY ALLEVIATION AND SLUM DEVELOPMENT

11.60 The percentage of BPL population in the urban areas in India has declined from 32.3% in 1993–94 to 25.7% in 2004–05 (based on uniform recall period). The NSSO 61st Round shows that urban poverty has registered a decline in percentage terms; however, it has increased in absolute terms by 4.4 million persons. The fact is that the number of urban poor is rising continuously since 1973–74 as per the uniform recall period. A comparison of poverty estimates based on uniform recall period and mixed recall period is given in Tables 11.4 and 11.5, respectively. The number of persons below poverty line in the urban and rural areas is given in Table 11.6.

11.61 The incidence of urban poverty as well as number of the urban poor has increased in Orissa and Rajasthan over the 1993–94 to 2004–05 period. In contrast, both the incidence of urban poverty and the number of the urban poor have declined

TABLE 11.4
Comparison of Poverty Estimates Based on Uniform Recall Period

(Percentage of the Total Population)		
	1993–94	2004–05
Rural	37.3	28.3
Urban	32.4	25.7
Total	36.0	27.5

Source: Planning Commission.

TABLE 11.5
Comparison of Poverty Estimates Based on Mixed Recall Period

(Percentage of the Total Population)		
	1999–2000	2004–05
Rural	27.1	21.8
Urban	23.64	21.7
Total	26.1	21.8

Source: Planning Commission.

TABLE 11.6
Number of Persons below Poverty Line in Urban and Rural Areas

Year	(Lakh)		
	Urban	Rural	Total
Mixed Recall Period			
1973–74	600.46	2612.90	3213.36
1977–78	646.48	2642.47	3288.95
1983	709.40	2519.57	3228.97
1987–88	751.69	2318.79	3070.49
1999–2000	670.07	1932.43	2602.50
2004–05	682.00	1702.99	2384.99
Uniform Recall Period			
1973–74	600.46	2612.90	3213.36
1977–78	646.48	2642.47	3288.95
1983	709.40	2519.57	3228.97
1987–88	751.69	2318.79	3070.49
1999–2000	763.37	2440.31	3203.68
2004–05	807.96	2209.24	3017.20

Source: Planning Commission.

in the States of Gujarat, Kerala, Punjab, Tamil Nadu, and West Bengal during the same period. In other States, there has been a decline in the incidence of poverty but not in their total number (Boxes 11.4, 11.5, 11.6).

11.62 A large number of workers engaged in the urban economy as self-employed in the informal sector, regular low wage/salaried workers, and casual

workers fall in the category of the urban poor. They play a role in wealth creation, development of infrastructure, and providing a quality of life to the urbanites. However, they have themselves been denied shelter, basic urban amenities, healthy urban environment, and a dignified life.

11.63 In recent decades, the gap between the urban rich and poor has widened considerably. The Eleventh Plan aspires to empower the persons engaged in the informal sector living in urban areas by providing training to them to have better skills, higher productivity, and higher incomes on the one hand and a greater voice in decision-making by implementing the 74th CAA on the other hand. In this manner, an effort would be made during the Eleventh Plan to focus the spotlight on 'inclusive growth' in the urban areas.

Box 11.4 **Objectives for Urban Poverty Alleviation**

The Eleventh Plan has the following objectives for the urban poor:

- To provide them affordable shelter and decent living and working conditions.
- To make adequate provision of land for the poor in the Master Plan itself.
- To help in developing self-employment enterprises and job creation for the wage employment earners.
- To protect the economic interest and safety of women and other vulnerable sections of our society.

Box 11.5 **Slums**

Slums are housing clusters having insufficient facilities of hygiene, toilet, drinking water, sanitation, etc.

Box 11.6 **Integrated Slum Development**

Some of the measures that are required to be pursued and strengthened further for integrated slum development are:

- Creating and updating database on slums.
- City-wise perspective and integrated slum development plans.
- Augmenting and facilitating access to services for slum dwellers.
- Granting tenure security to slum dwellers.
- Insitu upgradation and resettlement options for slum improvement.
- Using land as a resource for housing and shelter development for slum dwellers.

SLUMS AND SLUM REHABILITATION

11.64 As per estimates, the slum population in 2001 was 61.82 million out of which the reported slum population in the 640 towns and cities having population of 50000 and above is 42.58 million. The total urban population of these 640 towns is 184.35 million. Data pertaining to slum population, as per the 2001 Census and the availability of housing and other basic amenities to them, are given in Tables 11.12 and 11.13.

Housing for Slum Dwellers

11.65 Registrar General of India has for the first time collected slum data in the 2001 Census for cities having urban population of 50000 and more. Box 11.7 provides the gist of slum population data in the country.

Box 11.7 **Spread of Slums**

- 640 towns spread over 26 States/UTs have reported existence of slums.
- 42.6 million people consisting of 8.2 million households reside in slums of these towns.
- It is a coincidence that both Census of India in 2001 and NSSO in 2002 found that every seventh person in urban India is a slum dweller.

REVIEW OF SCHEMES

11.66 A number of social housing schemes for poor—as indicated in the Table 11.7—have been undertaken by the GoI over the last two decades:

TABLE 11.7
Social Housing Schemes

S.No.	Name of the Scheme	Started in
1.	Indira Awas Yojana	1990
2.	EWS Housing Scheme for beedi workers and <i>hamals</i>	1991
3.	National Slum Development Programme	1996
4.	A two million Housing Programme for EWS/LIG	1998
5.	PM Gramin Awas Yojana	2000
6.	Valmiki Ambedkar Awas Yojana (VAMBAY)	2001
7.	JNNURM (BSUP and IHS DP)	2005

Source: Ministry of Housing and Urban Poverty Alleviation (MoHUPA), GoI.

11.67 These and other policy frameworks and subsequent development of programmes and schemes have yielded fairly positive results in the area of housing and human settlements. There has been a quantum jump in the supply of serviced land, habitable shelter, and related infrastructure, as detailed in the Box 11.8.

11.68 Effective measures are needed to stop the mushrooming of new slums. Providing affordable urban services to slum dwellers and granting them tenure rights will be the focus of the Eleventh Plan. State governments have to ensure that the ULBs earmark a part of their budget for the urban poor. Urban poverty cells have already been created at district level. Their functioning has to be made effective. A National Slum

Policy needs to be formulated so as to evolve a holistic approach towards slum improvement.

11.69 To promote integrated city development and to enable the people living in slums to gain access to basic services, a number of schemes and programmes have been launched from time to time, for example Environmental Improvement of Urban Slums, National Slum Development Programme (NSDP), Integrated Low Cost Sanitation Scheme (ILCS), etc.

PROGRAMMES AND SCHEMES OF URBAN POVERTY ALLEVIATION IN THE ELEVENTH PLAN

SWARNA JAYANTI SHAHRI ROZGAR YOJANA (SJSRY)

11.70 This CSS, launched in 1997, was meant to provide gainful employment to the urban unemployed/under-unemployed (below the urban poverty line) through:

- encouraging setting up of self-employment ventures;
- provision of wage employment.

11.71 It relied on creation of suitable community structures and delivery of inputs through the ULBs. In the Tenth Plan, there was a target of assisting four lakh urban poor in setting up individual/group micro enterprises and imparting skill training to five lakh urban poor.

11.72 Under self-employment component of SJSRY, 891679 beneficiaries have been assisted by now and 934649 persons were provided various types of skill

Box 11.8

Housing Construction and Ownership

- Under the Valmiki Ambedkar Awas Yojana (VAMBAY) of the GoI, a subsidy of Rs 932.56 crore has been released for construction of 459728 dwelling units and 65580 toilet seats since the inception of the scheme up to 2005–06.
- Under the NSDP, a total amount of Rs 3089.64 crore has been released to the States/UTs covering 436.28 lakh urban poor since inception of the scheme up to 2005–06.
- The period 1991 to 2001 witnessed a net addition of 19.52 million dwelling units in the urban housing stock, amounting to average annual construction of 1.95 million houses.
- The share of ownership housing in urban areas has increased from 63% in 1991 to 67% in 2001 (Census 2001).
- It is important to note that households having one-room accommodation declined significantly in urban areas from 39.55% to 35.1% during the period 1991–2001. This is a result of upward shift of accommodation and accelerated supply of housing stock.

trainings. So far, 52701 Development of Women and Children in Urban Areas (DWCUA) groups have been formed and 198314 women beneficiaries have been assisted under this scheme for setting up of group enterprises. A total of 177508 Thrift and Credit Societies (T&CS) have also been formed under SJSRY. The number of beneficiaries covered under the Community Structure Component of SJSRY is 337.40 lakh and the number of man-days of work generated under the wage employment component of SJSRY is 583.06 lakh.

11.73 A comprehensive evaluation of SJSRY scheme on an all-India basis was carried out in 2005–06 by Human Settlement and Management Institute. The main findings of the evaluation are: (i) the pro-gramme is working well in some of the States; (ii) most of the beneficiaries of training are below 30 years; (iii) women groups market their products by themselves except in the eastern and North Eastern States; (iv) the formation of DWCUA groups has had a positive impact on women; (v) T&CS are very active in promoting small savings and resolving disputes; (vi) non-achievement of physical targets in some States is due to inadequate skill training, wrong choice of projects, lack of publicity, etc. (see Box 11.9).

11.74 SJSRY is being revised in terms of the following features:

Self-employment Component

- The self-employment component of the scheme will be made more market driven in terms of market

Box 11.9 New Focus in SJSRY

In its present form, the scheme has not succeeded in providing effective employment opportunities to the urban poor. It is now proposed to bring new focus into the scheme in keeping with the fact that urban areas have developed new skill requirements. Towards this end, 43 new trades have been identified in which it is proposed to build capacity by:

- Skill development—PPP mode.
- SHGs.
- Self-employment skills plus facilitation of credit for setting up self-employment.

surveys which will assist micro entrepreneurs to locate niche segments where there is potential demand for their products and services.

- Clusters of micro production units will be developed in keeping with the factors of localization pertaining to traditional skills and in terms of towns renowned for given products.
- Appropriate or intermediate technology inputs will be used to strengthen the technological base of selected clusters in terms of common facilities centres providing critical machinery/equipment required for common use as well as ensuring supply of quality raw materials at reasonable prices. These common facilities centres would be run by associations of micro entrepreneurs themselves related to the selected economic activity.
- High-quality Small Enterprise Advisory Services will be provided to the micro entrepreneurs.
- Resource institutions will be selected all over the country for providing upgraded technical skills combined with certification.
- Self-employment efforts will be buttressed by encouraging T&CS at the community level.
- Micro entrepreneurs will be encouraged to develop trade-based organizations.
- The mission approach of the ‘Kudumbshree’ model of Kerala and other best practices in different parts of the country will be adopted for suitable application under SJSRY.
- Design and development services from IITs and other institutions will be sought for development of mobile vending outlets.
- An integrated approach will be adopted with special attention to backward and forward linkages under the aegis of a designated Institute and a specific Task Force.

11.75 Wage-employment Component

- High-quality training for proficiency in technical services will be organized with leading institutions preparing detailed training modules for specific trades.
- Training in a wide variety of trades such as construction, beauty and skincare, hair styling, hospitality, tourist guides, security, transport, and secretarial trades will be encouraged along with placement services.

- Special emphasis will be laid on construction of community assets in low-income neighbourhoods with strong involvement and participation of local communities.

11.76 Structural and Organizational Component

- Strengthening the delivery mechanism by improving the competency level and outreach of the Programme Management Units at the State level and Programme Implementation Agencies (PIAs) at the ULB level.
- There is need to earmark 25% of the budget for the urban poor in municipal budgets.
- There is need for convergence of services to the urban poor with special reference to health, education, and social security.
- The National Building Organization (NBO) needs to be strengthened for providing statistical and monitoring inputs for effective implementation of the revised SJSRY.
- Suitable networking with the UNDP-funded National Strategy for the Urban Poor Project as well as UN and other multilateral/bilateral projects is required for focused thrust on capacity building and innovative and experimental pilot projects.

11.77 Given the fact that 25.7% of the urban population as per uniform recall period lives below the poverty line, a concerted effort need be made during the Eleventh Plan for creation of at least 30 million additional jobs in the urban areas. The outlay for alleviation of urban poverty during the Eleventh Plan needs to be suitably enhanced. The revised SJSRY will be market-led combined with an integrated provision of backward and forward linkages.

11.78 The Ministry of HUPA also proposes to launch a scheme for the 'Skill Training for Employment Promotion amongst the Urban Poor' during the Eleventh Five Year Plan as a part of the National Skill Development Mission specially targeting the urban poor in the development of their skills to enable them access market-based employment opportunities or undertake self-employment to improve their living conditions and overcome poverty. This will make available skilled and semi-skilled manpower needed by the industry

and service sectors in response to changing global, national, and local imperatives and opportunities. This will lead to reduction in unemployment rate among the urban poor, especially women, and will enhance their productivity and real wages making the economic growth inclusive.

11.79 URBAN STATISTICS FOR HR ASSESSMENT SCHEME

Aims at the development and maintenance of a national database, MIS, and knowledge repository on urban poverty, slums, housing, construction, and other urbanization-related statistics. Its key objective is to support the government with an information base and knowledge inputs for planning, policy-making, project design, formulation, implementation, monitoring, assessment, and evaluation, particularly in the context of programmes relating to urban poverty, slums, and housing. The scheme was earlier known as MIS on Housing Data, Research and Survey.

11.80 FUTURE APPROACH/STRATEGIES

- There is need to address the issue of urban poverty alleviation in a systematic, scientific, and time-bound manner by adopting the Mission approach as is being done in Kerala through the 'Kudumbshree' model. The approach has to be target-oriented with specific focus on primary issues such as skill upgradation, entrepreneurship development, wage employment, etc.
- Skill development has to be correlated to the demands of industry and service sector in and around the city. For this purpose, periodic labour market surveys have to be carried out in collaboration with the private sector by professionally competent organizations/NGOs so as to devise appropriate training modules for building skills in the relevant disciplines, where the demand exists or is projected. This exercise is likely to lead to a pool of human capital which can be appropriately utilized in the contemporary labour market.
- The 74th CAA envisages that the functions of urban poverty alleviation and improvement of slums and their upgradation, including the provisioning of urban basic amenities to the poor, are among the key functions of the municipalities. Therefore, the ULBs have to compulsorily make appropriate

provisions in their budget. ULBs have to follow a convergence approach in formulating service delivery to the urban poor by optimum utilization of both financial and manpower resources available in various Central and State sector schemes and programmes.

- Any urban poverty alleviation programme without adequate manpower equipped with the capability, capacity, and sensitivity to effectively implement such social sector programmes will not succeed. Therefore, it is absolutely necessary for Urban Poverty Alleviation Cells at the ULB/district/State level to have trained and dedicated manpower.
- City-specific urban poverty reduction plans need to be prepared by the ULBs and fund release has to be demand driven.
- Although the urban poor is the most vulnerable section of society, the delivery of health services is almost negligible to them. Therefore, there is need to work out a comprehensive health and accident insurance plan/scheme for the entire urban poor as a special package to resolve their health-related issues. There is also need to develop a social security network for this most vulnerable section, specially the single women, widows, aged, disabled, weaker, and minority sections.

URBAN HOUSING

11.81 **Role of Housing:** Housing, besides being a very basic requirement for the urban settlers, also holds the key to accelerate the pace of development. Status of housing stock and basic amenities are provided in Table 11.13. Investments in housing, like any other industry, have a multiplier effect on income and employment. It is estimated that the overall employment generation in the economy due to additional investment in the housing/construction sector is eight times of the direct employment (IIM-Ahmedabad Study 2005). Construction sector employment is growing at the rate of 7% per annum. Housing provides opportunities for home-based economic activities. Housing also has a direct impact on the steel and cement, marble/ceramic tiles, electrical wiring, PVC pipes, and various types of fittings industry, which make a significant contribution to the national economy. Contribution of the housing industry to the GDP is summarized in the Box 11.10.

Box 11.10 Housing Stock

- Less than one-third of India's people live in cities and towns.
- These areas generate over two-thirds of the country's GDP and account for 90% of government revenues.
- As per CSO estimates, housing sector's contribution to GDP in the year 2003–04 was 4.5% (3.13% for urban areas) at current price.
- Housing stock in 2001 was 50.95 million (for 55.8 million urban households).

11.82 The National Urban Housing and Habitat Policy provides the basic framework for achieving the objective of 'shelter for all'. The policy was evolved in 1998 with the long-term goal of eradicating houselessness, improving the housing conditions of the inadequately housed, and providing a minimum level of basic services and amenities to all. It was formulated to address the issues of sustainable development, infrastructure development, and for strong PPPs for shelter delivery with the objective of creating surpluses in housing stock and facilitating construction of two million dwelling units each year in pursuance of the National Agenda for Governance. However, the housing sector has witnessed several changes since then. The 1998 National Housing Policy has been replaced by a National Habitat and Housing Policy, 2007 with land and the development of civic amenities to make land habitable as its two critical elements.

11.83 In order to improve the quality of life in urban areas, it is of critical significance that the housing stock is improved through urban renewal, in situ slum improvement, and development of new housing stock in existing cities as well as new townships.

Magnitude of Housing Need

11.84 Considerable efforts were made during the Tenth Plan to enlarge the resource base and initiate innovative institutional mechanisms to augment housing delivery in urban areas. Focused efforts were also initiated to cover the poor and vulnerable groups of society to enable them to access basic shelter related services. Fiscal concessions coupled with legislative measures were also initiated to encourage increased

investments in housing by individuals and corporates. However, despite many policy measures and initiatives, the coverage of urban poor with these intended benefits has not been achieved to the desired extent. Pressure on urban land has also been increasing due to market forces supported by upward trend in economic growth (see Box 11.11 below).

Box 11.11
Housing Shortage and Requirement

- According to the report of the Technical Group on estimation of housing shortage constituted in the context of formulation of the Eleventh Five-Year Plan, housing shortage is estimated to be around 24.71 million. About 99% of such households are from EWS and low income groups (LIG).
- During the Eleventh Plan period, total housing requirement, including the backlog, is estimated at 26.53 million.

Land Availability, Land Tenure, and Land Reforms

11.85 Access to land and legal security of tenure are strategic prerequisites for the provision of adequate shelter for all and for the development of sustainable human settlements affecting both urban and rural areas. The present policy of the Central Government lays stress on an enabling approach. It is for the State Governments to bring in the required institutional reforms and legislative measures to augment housing both by State agencies and the private sector.

11.86 While recognizing the existence of different national laws and/or systems of land tenure, governments at the appropriate levels, including local authorities, have to strive to remove all possible obstacles that may hamper equitable access to land and ensure that equal rights of women and men related to land and property are protected under the law. The failure to adopt, at all levels, appropriate rural and urban land policies and land management practices remains a primary cause of inequity and poverty. Urban planning tools including master planning, zoning, and regulations are not enough to make land available in pace with the rapid urbanization, resulting in insufficient land supply and increase in land prices. It is important to have flexible land policy wherein

conversion from one use to another is cost effective and efficient. Computerization of land records and data and e-governance should also constitute important elements of the urban land policy.

National Land Policy

11.87 We have to evolve a National Land Policy which will allow both public and private developers to legally purchase land for conversion into urban habitats and townships through transparent rules and regulations. Inadequate availability of serviced land in the urban areas is a major constraining factor in taking up housing projects for the poor.

11.88 In the process of spatially delimiting the specific areas of urban extensions of existing towns and the areas for new townships, care needs to be taken that as far as possible, prime agricultural land is not utilized but more emphasis is laid on using degraded land for urbanization. Even today, the country is importing certain basic food items from time to time. Further, each State/UT which acquires land must put into place *a suitable resettlement and rehabilitation policy* for the displaced rural families while developing urban extensions or new townships.

11.89 Care also needs to be taken that rivers and their flood plains, other water bodies, and natural drainage systems are not disturbed during the process of urbanization. Moreover, it is also essential to enhance the green lungs of cities as well as develop green belts around urban settlements with a view to stemming indiscriminate urban sprawl. Cities and towns should invariably be surrounded by a rural hinterland so that the ecology of the sub-region is preserved. Access to micro finance has a direct correlation with the land title. Therefore, the State Governments need to facilitate security of land tenure for the urban poor. The title has to be mortgagable to access credit.

Investment Required

11.90 For estimating the investment requirements for the Eleventh Plan, the Working Group on Urban Housing made different assumptions on unit cost of construction of houses in million plus cities and other urban areas (see Box 11.12 below).

11.91 During the Eleventh Five Year Plan, integrated efforts have to be made by the Central and State/UT governments to create an integrated and holistic approach on human settlements which adequately address issues of land, finance, legal, and regulatory framework, technology support, and PPP. However, it has to be understood that there can be no one solution and various options and initiatives would be needed based on national and local priorities.

Housing Market

11.92 The government has to create an enabling framework for a well-functioning housing market. Flexible instruments for the regulation of housing markets, including the rental market, taking into account the special needs of vulnerable groups need to be developed.

Housing Finance

11.93 With the introduction of reforms in the banking sector, considerable improvement has been made in enlarging access to finance for housing by individual

families and also through co-operatives as well as private developers. In this context, it is pertinent to note that the RBI requires commercial banks to lend 3% of the incremental deposits of the commercial banks to be deployed to priority sector lending including financing housing by individuals and others including co-operatives and private sector. Besides, RBI also reckons investments made by banks in the bonds issued by HUDCO under priority sector lending. Box 11.3 provides some details of financing of housing loans.

11.94 HUDCO's housing portfolio covers a wide range of target groups spread all over the country both in urban and rural areas. During the Eleventh Plan period, HUDCO proposes to extend a large quantum of assistance for supporting the housing and urban development requirements both in urban and rural areas. The proposals envisage a total sanction of Rs 74596 crore during the Eleventh Plan period for both its housing and urban development programmes. Of this, an amount of Rs 14919 crore has been tentatively identified for its housing operations.

Box 11.12 Investment Requirement

The total investment requirement for meeting the housing requirement would be of the order of Rs 361318.10 crore consisting of Rs 147195 crore required for mitigating housing shortage at the beginning of the Eleventh Plan and Rs 214123.10 crore for new additions to be made during the Eleventh Plan period (this includes pucca, upgradation of semi-pucca, and kutcha housing units).

FLOW OF FUNDS FOR HOUSING

11.95 In view of the current economic and monetary scenario, it is expected that the housing finance disbursements by banks, HFCs, and co-operative sector institutions would grow at a rate of about 15% per annum during the Eleventh Plan period. Taking this into account, it is estimated that the flow of credit disbursement from these institutions would be about Rs 7.75 lakh crore (gross flow of funds) during 2007–12. These projected fund flow figures include

Box 11.13 Financing of Housing Loans

- Most of the clients of Housing Finance Institutions/banks under retail home loans belong to MIG/HIG categories and housing loan finance still remains unaffordable in a large way to the EWS/LIG sections.
- Only 0.2% of housing loans extended by HFCs are of value less than Rs 50000 and about 7% of housing loans is of value between Rs 50000–100000.
- More than 73% of housing loans extended by HFCs is of value exceeding Rs 3 lakh and about 93% of value exceeding Rs 1 lakh.
- The fastest growing housing value bracket is between Rs 10 lakh to Rs 25 lakh.
- This highlights the need to evolve a system or a scheme for financing housing loans on a large scale for the lower income groups whose affordability for housing loans falls in the range below Rs 3 lakh, as over 90% of the housing shortage is on account of EWS/LIG.

multiple counting and resale of properties, in the sense that cross-funding/bulk borrowing is involved among the various institutions. It is, therefore, assumed that the net flow of funds to the housing sector from formal sector institutions would be 50% of the gross flow of funds for construction of new houses. This comes to approximately Rs 2.90 lakh crore, which is 80% of the total investment requirements for urban housing for the Eleventh Plan.

RESOURCE MOBILIZATION

11.96 Some corrective measures including legislative and regulatory, outreach related, and those related to expansion of housing finance would be required to promote larger flow of funds to accelerate supply of housing to a cross-section of households.

11.97 Liquidity of housing finance with particular reference to EWS, low-income group, and middle-income group households has to be improved so that financial institutions are in a position to supply the requisite funds. Development of Secondary Mortgage Market is important in this regard. Recognizing the role of securitization as a source of funding, initiatives for developing the secondary mortgage market have already been taken by the NHB. The government needs to also provide a conducive and supportive fiscal and regulatory framework for banks and other participants to actively engage in Residential Mortgage Backed Securitization transactions.

ROLE OF PRIVATE SECTOR AND FDI

11.98 The Eleventh Plan focuses on clearing the backlog in housing and infrastructure assets including up-gradation activities. Institutions such as National Real Estate Development Council (NARDCO) and the Confederation of Real Estate Developers Association of India are playing an important role in regulating the activities of private developers by accrediting them and also by rating such institutions based on their experience and capacities. The GoI has permitted 100% FDI for development of townships including construction of development projects, subject to minimum capitalization, minimum land/built up area, etc. However, to encourage larger inflow of FDI, there is need to minimize the procedural delays in sanctions and approval of projects.

ROLE OF CO-OPERATIVES

11.99 The co-operative housing movement has received support over consecutive Five Year Plans and a strong institutional framework is getting evolved within the co-operative movement. The performance of housing co-operatives is highly influenced by the quantum of funds available to them. During the first three years of the Tenth Five Year Plan, that is, 2002–03, 2003–04, and 2004–05, the Apex Co-operative Housing Federations could raise an amount of Rs 1774.43 crore from various funding agencies such as LIC, NHB, HUDCO, Commercial and Co-operative Bank, and other sources.

11.100 Community-linked Finance Facility (CLIFF) which is a financial mechanism that facilitates access to capital by organizations of the urban poor is now in its third year of operation in India. As of December 2004, CLIFF capital funds had supported 10 community-led development projects; eight housing developments, providing safe, secure, and affordable shelter with secure tenure for 2816 households; and two sanitation projects designed to benefit over 200000 families living in slums in Mumbai and Pune, both in the State of Maharashtra.

RENTAL HOUSING

11.101 One of the major constraints in the development of housing is the rent control legislation in many States. Rental housing in the urban areas needs to be promoted through enabling legislative and administrative measures to serve a wide cross-section of population in need of housing during their stay in cities. Model Rent Control Act needs to be advocated extensively by the States with suitable variations to suit the local requirements. The State Governments need to encourage public housing institutions, corporate bodies, educational institutions, and private sector agencies, through fiscal incentives and soft loans, to take up rental housing for specific groups under their coverage and focus.

HOUSING TECHNOLOGY

11.102 The BMTPC was established in 1980 with the objective of promoting cost-effective, environment-friendly, energy-efficient, and disaster-resistant technologies and building materials for sustainable habitat development. Around 39 technologies relating to

innovative building materials have been developed and licensed to private entrepreneurs for commercial production. About 12 technologies are in various stages of development. A recently developed technology pertains to *bamboo mat corrugated sheets* for roofing and is a substitute for asbestos or iron corrugated sheets. Further, the Council has successfully completed 252 demonstration houses under Valmiki Ambedkar Awas Yojana (VAMBAY) at Bangalore using cost-effective technologies. The Council has also completed 100 demonstration houses at Dehradun (Uttarakhand) and 70 demonstration houses at Nagpur (Maharashtra) under VAMBAY. The construction of 270 demonstration houses at Bilaspur (Chhattisgarh), Trichy (Tamil Nadu), and Kodulu (Karnataka) are under progress.

11.103 The efforts made by BMTPC through an integrated approach involving simultaneous action for standardization, grading awareness, promotion through governmental recognition in terms of policy support and fiscal incentives have certainly enhanced acceptability and have demonstrated the efficacy of an integrated system of technology transfer. Use of alternative materials such as fly ash, bricks, blocks, and simple prefab systems for slabs/roofing needs to be further encouraged. Flexibility should be extended to building and construction material standards.

11.104 A major achievement of BMTPC has been the preparation of Vulnerability Atlas of India for formulating disaster mitigation plans and establishing techno-legal razing in disaster-prone areas. This Atlas has been revised in digitized format with latest data. As an extension of the Vulnerability Atlas, it has brought out the Landslide Hazard Zonation Atlas of India. BMTPC has also formulated guidelines for construction of safer and durable houses to withstand earthquake/cyclone. During the Eleventh Plan, BMTPC proposes to focus on up-scaling and modernization of home-grown production technologies, economy and efficiency in housing/building construction projects, use of bamboo in housing and building construction and vulnerability reduction, risk assessment, and disaster resistance construction. Besides, it will take steps for improving the design and layout of EWS/LIG houses. The total requirement of funds

for BMTPC for this purpose is estimated at Rs 55.19 crore.

11.105 The Hindustan Prefab Limited (HPL) was set up as the Hindustan Housing Factory Limited in 1953 and was given the status of a PSU in 1955. The company was re-titled as HPL in 1978. The objective of HPL is to develop cost-effective prefabricated building components. HPL is currently in the process of restructuring and modernizing its operations vis-à-vis prefabricated building components. It is expected that the company will continue this focus in the Eleventh Plan, while at the same time, moving into the areas of on-site supervision, project management services, turnkey construction projects, preparation of DPRs of housing and infrastructure projects, project appraisal, and training in construction trades.

POLICY MEASURES AND STRATEGY FOR ADDRESSING THE PROBLEMS OF SLUMS

11.106 JNNURM is the single largest initiative ever launched by the GoI to address the problems of urban housing, infrastructure, and basic services to the poor in 63 cities and towns in a holistic manner. JNNURM comprises two broad segments, namely (i) the Sub-Mission on Urban Infrastructure and Governance and (ii) the Sub-Mission on Basic Services to the Urban Poor (BSUP) covering 63 identified cities. The non-Mission cities and towns are covered under the UIDSSMT and Integrated Housing and Slum Development Programme (IHSDP). The MoHUPA is the nodal ministry for BSUP and IHSDP programmes which cater to housing and basic amenities to urban poor, especially slum dwellers. These schemes/programmes will, in addition to improved housing, also cater to other basic services such as sanitation, water supply, sewerage, solid waste disposal, etc.

11.107 Interest subsidy scheme for housing the urban poor has been proposed during the Eleventh Plan so as to provide an interest subsidy of 5% per annum, for a period of five years only, to commercial lenders for lending to EWS/LIG segments of the urban areas. Interest subsidy is expected to leverage market funds to flow into housing for poor. The scheme is expected to add 15 lakh houses to the housing stock during the Eleventh Plan.

Integrated Low-cost Sanitation Scheme

11.108 The low-cost sanitation scheme operating during the Tenth Plan, with the objective of liberating manual scavengers from the obnoxious and age old practice of manual carrying of night soil, is in the process of being revised. The current scheme involves subsidy of 45% for the EWS beneficiaries and 25% for the LIG beneficiaries for construction of two-pit pour flush units up to the plinth level. The under revised scheme subsidy for the super structure beyond the plinth level is also provided. The upper ceiling cost will be Rs 10000 to enable construction of a complete unit of two-pit pour flush latrine with super structure. Suitable additionality in cost for constructing a two-pit pour flush latrine in hilly areas would be provided. In this manner, the ILCS will be more comprehensive, and is expected to complete the process of liberation from manual scavenging in the country.

URBAN PLANNING AND MANAGEMENT

11.109 The United Nations has projected that between 2000 and 2030, India's urban population will increase from 282 million to 590 million (assuming moderate 2.5% compound annual growth rate). Looking forward, one facet of India's urban planning challenge is to accommodate an additional 10 million urban dwellers per year, provide them with adequate public services and infrastructure, create opportunities for economic development, and ensure that urbanization is environmentally sustainable.

EMERGING ISSUES IN URBAN PLANNING AND MANAGEMENT

11.110 The 74th CAA 1992 is a historic piece of legislation that provides for a democratic and participatory planning process so as to incorporate the needs of the people, particularly poor and socially disadvantaged groups, in the planning process. The Act stipulates the setting up of District Planning Committees and MPCs for integration of spatial and economic development as well as rural and urban planning, while keeping the needs of environmental conservation in view.

11.111 State governments need to take concrete steps to constitute and functionalize the MPCs and District Planning Committees. In this regard, Urban

Development and Plan Formulation and Implementation Guidelines brought out by the Ministry of Urban Development are relevant which have, in fact, duly incorporated the provisions of the 74th CAA.

THRUST AREAS OF THE ELEVENTH PLAN

11.112 In order to make the urban planning and development process sustainable, it would be appropriate to interlink the planning framework comprising national-level spatial strategies, regional-level strategy plans, metropolitan regional strategy plans, and city- and ward-level land use and development plans.

11.113 For an effective urban planning system, there is need to have inter-related plans at three levels, namely, perspective/structure plans (20–25 years), short-term integrated infrastructure development Plans (five years) co-terminus with the National Five Year Plans, and plans of specific projects and schemes.

11.114 The national spatial strategy should incorporate policies for industrial location and development, employment generation, human settlement pattern, and structure and infrastructure development, both for rural and urban areas. The State spatial plans should be prepared by taking into account demographic and economic potentials, broad land use configurations, infrastructure requirements, and project implementation schedules including mechanism for the PPPs.

11.115 Each district should prepare a District Development Plan that integrates the plans for its constituent urban and rural areas as well as the sectoral allocations for various schemes under the purview of existing district agencies.

11.116 The Metropolitan Development Plan should be prepared on the basis of plans prepared by Municipalities and Panchayats under the metropolitan area and in the context of overall objectives and priorities set by the Central and State Governments.

11.117 The legal and institutional framework should provide the municipalities with adequate infrastructure

and manpower to undertake the preparation of these plans. Further, the process of preparation of development plans should be facilitated by developing urban and regional information system and providing access to remotely sensed data, aerial photographs, GIS, setting up MIS cells to build database at national and State level, etc. Evolving suitable mechanism for strong database for all cities/towns with regard to coverage of urban population with water supply, sewerage, drainage, and solid waste management facilities is most essential in the wake of the large number of infrastructure projects that are being considered by different States.

PUBLIC HEALTH ENGINEERING (PHE) TRAINING PROGRAMME

11.118 The scope of PHE training programme needs to be widened so as to provide requisite training for increasing the skills and expertise of all personnel involved in the water supply and sanitation sector. The infrastructure being developed by various ULBs/State departments for drinking water supply, sewerage, sanitation, drainage, sewage waste management under JNNURM would require more qualified and trained manpower for better planning, designing, implementation, and O&M of water supply and sanitation schemes.

ROLE AND INVOLVEMENT OF EXTERNAL SUPPORT AGENCIES

11.119 Technical and financial assistance from external support agencies such as WHO, UNDP, World Bank, ADB, and bilateral agencies needs to be explored on a case to case basis. It is also essential that the external donor agencies cut short their processing/decision-making time to less than a year, so that projects planned under JNNURM are able to get financial and technical support of the external donor agency without hampering the progress of project implementation.

LINKING OF BUDGET PROVISIONS OF MINISTRY OF URBAN DEVELOPMENT AND MINISTRY OF DONER MEANT FOR NORTH EASTERN STATES AND SIKKIM WITH JNNURM

11.120 The 10% lump sum pool of resources of Ministry of Urban Development and Non-Lapsable Central Pool of Resources (NLCPR) under Ministry of DoNER meant for North Eastern States and Sikkim

provide funding for creation of urban infrastructure including water supply, sewerage, drainage, and solid waste management on the same pattern of funding as that of JNNURM, that is 90:10 basis. These programmes need to be integrated with JNNURM to avoid duplicity in projects by different ministries and adherence to projects based on City Development Plans.

ROLE OF IT IN EFFICIENT GOVERNANCE AND IN PROVISION AND MANAGEMENT OF URBAN SERVICES

11.121 With the use of modern technology there have been perceptible changes in urban governance. The advent of digital technology coupled with the availability of various modes of fast communication such as Internet, intranet, cellular phones, and menu-based software has revolutionized the concept of governance. There has also been a change in the outlook of administrators and policy makers in adopting latest technology, and go for paperless work and make governance more citizen-friendly. E-governance encompasses the strategic and systematic use of modern ICT by the government to improve the efficiency, transparency, and accountability in its functioning and interface with citizens.

MUNICIPAL GOVERNANCE AND REFORMS

THE CONSTITUTION (SEVENTY-FOURTH AMENDMENT) ACT (CAA)

11.122 The Act has ensured decentralization and successfully created a set up of democratic institutions of self-government. However, despite 15 years of enactment, most of the States are yet to implement its several provisions. While the CAA envisions decentralization of functions, finances, and functionaries to enable the ULBs to function as 'institutions of self-government', in reality, fiscal and administrative decentralization have lagged behind political decentralization. The amended Municipal Acts do not specifically assign functions and financial powers to the ULBs, including town planning. To achieve the twin objectives of ambitious growth paired with inclusive growth, the country needs to functionalize the institutional framework that fosters livable, bankable, and competitive cities.

INVOLVEMENT OF COMMUNITY AND ELECTED REPRESENTATIVES IN DECISION-MAKING AND IMPLEMENTATION

11.123 The CAA has empowered elected representatives and the community leaders with decision-making powers through institutional frameworks such as Ward Committees, MPCs, and District Planning Committees. Now from a 'top-down' approach, the emphasis has thus shifted to the 'bottom-up' approach.

SKILL UPGRADATION AND CAPACITY BUILDING OF THE ULBS

11.124 Lack of skilled manpower to undertake various additional tasks entrusted to the ULBs is a cause of concern. Many of the ULBs have only one or two engineers for preparing projects and almost no town planner for preparing City Development Plan and Project Reports. During the Eleventh Plan, emphasis would be laid on the capacity building of the functionaries of the ULBs. There is a need to set up an apex agency to co-ordinate the activities of all national- and State-level training institutions. The Administrative Reforms Commission has proposed the creation of three to five year 'urban governance capacity building programmes' to be initiated by the Central and State Governments. Deficiencies of the ULBs need to be addressed through various capacity building programmes under JNNURM and other CSS.

INDEPENDENT REGULATORY INSTITUTIONS

11.125 An independent regulatory institution with professional urban managers is needed at the State level to ensure that the ULBs operate with autonomy but within the framework decided by the independent regulatory institution. It can decide parameters such as framing minimum and maximum limits for various types of local taxes, fees, user charges, administrative expenditure, etc. Setting up the regulatory institution can go a long way in improving the performance of local bodies in delivery of civic services to people.

PREPARATION OF OPERATING MANUAL FOR ULBS

11.126 The independent regulatory institution for the ULBs can be entrusted with the responsibility

of preparing operating manuals relating to various services being provided by the ULBs. The operating manuals can definitely improve the quality of assets that are being created by the ULBs. To ensure quality control and uniformity, the manual may lay down standards for all materials that are used for creation of assets. Operating manuals need not only be for engineering aspects but can cover the whole gamut of services in which the ULBs are involved.

MUNICIPAL FINANCE

11.127 Municipalities have neither the responsibility nor the autonomy of fiscal powers for delivering the urban services expected from them. There is a mismatch between ULB revenue capacities and their financial requirement.

11.128 The Ministries of Urban Development and Housing and Urban Poverty Alleviation have estimated a huge resource gap of Rs 76896 crore for all States during the period 2005–10 for O&M of various civic services in urban areas (Twelfth Finance Commission, TFC report). To fill this huge gap, our strategy revolves around stricter guidelines, policy prescriptions, and stress on local revenue enhancement efforts by the ULBs. It will certainly achieve financial viability at the ULB level. Further, ULBs need to take steps for broad-basing the revenue from own sources through improving the collection of existing revenue sources, reforms in property tax, levy of new taxes and charges, enhanced cost recovery for utility charges and fees, improved information, registration, billing and collection systems of taxes and charges, reducing administrative expenses, etc. Innovative methods of service delivery and involvement of private sector will improve the financial position of municipalities.

EVOLVE ALTERNATIVE WAYS TO AUGMENT MUNICIPAL RESOURCES

11.129 The following steps need to be initiated for augmenting revenue generation by the ULBs:

Land as a Resource

- Land is a good resource to generate revenue for the local bodies and should be explored by the ULBs to the extent possible.

New Levies

- New levies/cess should be levied to augment revenue resources such as drainage fee, parking fee, hoarding fees, vacant land tax, development impact fee, etc.

Pooled Financing

- New thrusts for mobilizing urban infrastructure finance, a State-level Pooled Financing Mechanism is working successfully in Tamil Nadu, with the financial assistance from the United States Agency for International Development (USAID). The Central Government has set up a PFDF with the objective to facilitate development of bankable urban infrastructure projects through appropriate capacity building measures and financial structuring. An amount of Rs 100 crore has been provided to the Ministry of Urban Development for 2007–08 for PFDF.

Secondary Markets

- The ULBs will have to be made credible and accountable institutions so as to tap India's increasingly sophisticated financial markets including secondary markets.

Accessing Capital Markets

- To ensure sound local government credit markets, the government will have to evolve effective financial institutions and instruments for financial market regulations and supervision. The ULBs' credit

worthiness would be enhanced on a stand-alone basis so that the supply of bankable projects could be increased.

ROLE OF FINANCIAL INTERMEDIATION FOR LOCAL GOVERNMENTS

Municipal Development Funds

11.130 Around the world, more than 60 countries have established financial intermediaries. For example, in Brazil, individual States often have established their own municipal development funds. Both the World Bank and the ADB have announced that they intend to rely more heavily on municipal development funds as a key part of their strategy to help finance local investment needs in Asia. The goal is not merely to give municipalities access to credit, but to do so in a manner that increases the efficiency of local investment and reinforce financial sector reforms in the rest of the economy.

Municipal Bond Markets

11.131 The advantages of using municipal bonds to finance urban infrastructure are increasingly evident in India. The Indian Bond Market is becoming vibrant. Ahmedabad Municipal Corporation issued a first historical Municipal Bond in Asia to raise Rs 100 crore from the capital market for part financing a water supply project. An illustrative list of ULBs/parastatals, which have been granted permission to issue Municipal Bonds, is given Table 11.8.

TABLE 11.8
Urban Local Bodies/Parastatals which have been Granted Permission for Issue of Tax-Free Bonds

S. No.	Name	Year	Amount (Rs in Crore)
1.	Ahmedabad Municipal Corporation	2001	100.00
2.	Hyderabad Municipal Corporation	2002	82.50
3.	Nasik Municipal Corporation	2003	50.00
4.	Visakhapatnam Municipal Corporation	2003	50.00
5.	Hyderabad Metropolitan Water Supply and Sewerage Board	2003	50.00
6.	Ahmedabad Municipal Corporation	2004	58.00
7.	Chennai Metropolitan Water Supply and Sewerage Board	2004	42.00
8.	Karnataka Water and Sanitation Pooled Fund Trust	2004	100.00
9.	Chennai Metropolitan Water Supply and Sewerage Board	2005	50.00
10.	Chennai Corporation	2005	44.80
11.	Ahmedabad Municipal Corporation	2005	100.00

Source: Ministry of Urban Development, GoI.

BUDGETARY SUPPORT

11.132 The TFC has recommended a sum of Rs 5000 crore for the municipalities to be provided as grants-in-aid to augment the consolidated fund of the States for the years 2005–10 to be distributed with inter se shares.

COST EFFICIENCY AND PRODUCTIVE USE OF RESOURCES

11.133 Projects being carried out by contractors have to be carefully supervised to ensure quality and timely completion. Cost over-runs in projects due to delay caused by contractors need to be penalized by incorporating the penalty clause in the contract itself.

THRUST OF THE ELEVENTH FIVE YEAR PLAN TOWARDS MUNICIPAL FINANCES

11.134 India's urban areas will need to compete nationally and internationally for investments and human resources. Most of the ULBs are technically and financially ill-equipped to meet the ever-growing demand for urban services, so the capacity building exercises have to be accorded priority. The Eleventh Plan strategy would be to create a conducive environment for efficient tax administration, increasing use of non-tax sources, efficient pricing of services, PPPs in provision and maintenance of urban services, adopting alternative sources of finance including access to capital markets, involvement of community and private sector in raising revenue. The States need to ensure rating of municipalities for facilitating access to capital markets.

URBAN TRANSPORT

URBANIZATION TRENDS AND TRAVEL NEEDS

11.135 Urbanization has led to corresponding increase in demand for transportation. The growth in transport infrastructure has not kept pace with the increased demand and the share of public transport vehicles has declined. The problem of congestion and its consequences are posing a severe threat to sustainability of the urban areas. Confederation of Indian Industry (CII) survey 2003 of the urban population in southern India showed that 58% of those interviewed were dissatisfied with public transport services. It also showed that 65% were willing to pay higher public transport fares for comfortable

travel. The situation in other parts of the country is similar.

11.136 Managing urban expansion is a critical element towards achieving the goals set by the National Urban Transport Policy. The National Urban Transport Policy, 2006 focuses on the need to 'Move people—Not vehicles', by encouraging public transport and use of non-motorized modes. The policy suggests involvement of private sector, innovative financing mechanisms to enhance efficiency, reduction in travel demand by encouraging a better integration of land use and transport planning.

11.137 As per 2001 Census, there are 35 cities with million plus population. Except for Mumbai, Kolkata, and Delhi, none of the mega cities have a Mass Rapid Transit System (MRTS). The Delhi Metro Project is progressing as per schedule and Phase-I is fully operational. Other metropolitan cities are also in the process of preparing DPRs for a metro-rail system.

SUGGESTIONS FOR URBAN TRANSPORT PLANNING FOR THE ELEVENTH PLAN PERIOD

- All cities need to prepare a comprehensive mobility plan which includes a Master Plan for non-motorized transport taking into account projected growth in the next ten years.
- Proposals for preparation of DPR should be preceded by professional evaluation by technology neutral agencies.
- A comprehensive program of capacity building should be implemented.
- All cities should formulate a realistic 'hawker/vendor policy'.
- Cities may prepare a plan for traffic calming to reduce emissions and road accident rates.
- All million plus cities may prepare plans to introduce/upgrade existing bus services as also introduce BRT systems on selected arterials during the Eleventh Plan period.
- All cities may have a parking policy. State governments need to amend building by-laws so that adequate parking space is made available for all residents/users. FAR norms may be modified. Multi-level parking complexes may be made mandatory in mega cities. All cities may upgrade taxi and three-wheeler fleets.

SPECIFIC INTERVENTIONS REQUIRED FOR ENHANCING MOBILITY NEEDS IN TOWNS

- Improvement in the quality and maintenance of roads and provision of pedestrian pavements and cycle tracks.
- De-congestion of crowded areas.
- Developing transport corridors to enable orderly flow of public transport.
- Creation of parking spaces for para-transit and other vehicles.
- Facilities for public bus services, pedestrian subways, and larger parking facilities.
- Mobility needs of 40 lakh plus population cities would generally need mass transit systems with medium to high capacity with a larger network of feeder systems.

ACTIONS REQUIRED FOR THE DEVELOPMENT OF INTEGRATED CITY TRANSPORT AS PER NUTP

Land-use interventions

- Encourage 'Transit Oriented Development' with high density areas.
- Either develop all new/satellite townships/SEZ along the defined major transport corridors or integrate them with mass transit system in the Master Plan itself.
- Allow land use changes from time to time, including for public/government use.
- Discourage sprawl through introduction of vacant land tax and levy of 'Transport Impact Fee' on developments in the periphery.

Transportation Interventions

- Promote non-motorized vehicles by creating facilities for safe use.
- Promote public transit systems that are cost effective and able to meet the demand levels optimally. Encourage investments in premium bus systems.

- Develop ring roads and city bypass roads as well as rail line bypasses.
- Develop freight transport terminals outside city limits.
- Shift inter-state bus terminals from the city centre to the peripheries.

Institutional/Regulatory Interventions

- Modify the enabling legislations.
- Establish fare policies and a fare regulator.
- Implement fiscal measures that encourage use of public transport.

SCHEME FOR PREPARATION OF DPRS AND CONDUCT OF TRAFFIC AND TRANSPORTATION STUDIES

11.138 Under this scheme, support is provided by the government for the preparation of DPRs and in the conduct of comprehensive traffic and transportation studies to the extent of 40% of the cost. Although the scheme has resulted in many such studies being carried out, yet these have not subsequently translated into a meaningful set of projects. Table 11.9 below shows that the outlays and expenditure under the scheme have not been satisfactory during the Ninth and Tenth Plan periods. In line with the National Urban Transport Policy, the scheme is being revised to raise the GoI grant.

11.139 A Task Force has been set up to suggest institutional mechanism for better coordination in policy formulation, planning, and regulation of traffic and transportation project in all million plus cities.

INTEGRATION OF LAND USE AND TRANSPORT PLANNING

11.140 Corridor development may be encouraged for inter-city movement of goods and services while deliberate attempt may be made to discourage

TABLE 11.9
Outlay and Expenditure

Item	Ninth Plan		Tenth Plan	
	Outlay	Expenditure	Outlay	Expenditure
Urban transport planning	24.76	3.33	91.00	12.59

(Rs in Crore)

Source: Ministry of Urban Development, GoI.

ribbon development, multi-modal corridors, and SEZs in close proximity to city areas need to be developed.

PEDESTRIANIZATION AND NON-MOTORIZED TRANSPORT (NMT)

11.141 Special consideration needs to be given to designing pedestrian and cyclist facilities along the road and at intersections and the needs of the physically challenged persons need to be taken care of. The entire road network including footpaths, road crossings, service roads, carriageways, medians, bus stops, terminals, mass transit stations, parking facilities, etc. may be considered as per disabled-friendly design principles.

INTEGRATION OF TRANSPORT SYSTEM

11.142 The benefits of common ticketing to the operators are reduced transactions and lower recurring costs. Despite these advantages, the system of common ticketing has not picked up in India. A necessary condition for common ticketing across operators is the creation of a mechanism that allows a fair share of the revenues earned from such common tickets. If there is only a single service provider, sharing of revenue will not be a problem while with multiple providers this is a complex task. Indore model of public transport could be replicated in other cities.

Appropriate/Cleaner Technologies for Public Transport

11.143 Vehicular emission is directly related to the fuel used, the technology employed, and the driving tech-

nique. Improvement in fuel quality can be achieved through removal/reduction of emission related constituents in the fuels such as sulphur in diesel and sulphur, lead, benzene, and other aromatics in petrol. Further reduction of emissions can be obtained through improved engine technology and exhaust treatment systems. Vehicles manufactured before First Mass Emission Norms introduced in 1991 would require to be replaced.

ROLE OF INTELLIGENT TRANSPORT SYSTEMS

11.144 ITS encompasses a broad range of wireless and wire line communications-based information and electronics technologies. When integrated into the transportation system's infrastructure, these technologies relieve congestion, improve safety, and enhance productivity. Applied effectively, ITS and Services can save lives, time, and money as well as reduce threats to our environment and create new business opportunities.

11.145 A large investment of Rs 38000 crore has been identified for the introduction of modern buses in the country during the Eleventh Plan. The government aims to replace all the existing urban buses with 'truck chassis body' with low floor/semi low floor ultra modern buses on PPP basis. Table 11.10 provides the financial requirement during the Eleventh Plan.

11.146 The financial requirement to cater to the growing demand in the Eleventh Plan would be Rs 132590 crore as summarized in Table 11.11.

Box 11.14 Best Practices in Public Transport

1. Indore Model

Indore city in Madhya Pradesh has evolved a PPP model for operation of city bus services. In this model, the investment on the rolling stock is planned through private participation. The source of revenue for the private operator is from fare collection and from advertisements.

2. Revival of public transport in Bangalore

Bangalore Metropolitan Transport Corporation (BMTC) was created in 1997 by separating Bangalore depots of the troubled Karnataka Road Transport Corporation from the mother company. It carried out a thorough internal restructuring, introduced cost and service monitoring, and sub-contracted some services to private operators on a gross-cost based scheme. In the span of two to three years, BMTC improved its services and fleet/staff productivity, and became profit making.

TABLE 11.10
Funds Requirement

Cities (Population in Lakh)	Total No. of Towns	% of Towns Proposed for Eleventh Plan	Average Requirement	Rs in Crore
1–5	370	50	40	7400
5–10	39	50	400	7800
10–40	28	100	930	26040
> 40	7	100	3000	21000
MRTS	8	100		32000
Modern buses				38000
Capacity building and transport planning				350
Total				132590

Source: Ministry of Urban Development, GoI.

TABLE 11.11
Sources of Funding

Source	Funding (in Rs crore)
*JNNURM (GoI) including UIDSSMT	15500
*Non-JNNURM (Budgetary Support)	4400
VGF	6000
Resourced from States/ULBs	19500
Loan from financial institutions	61190
Participation by private promoters	26000
Total	132590

Note: * The actual allocation provided for JNNURM is Rs 50000 crore during 2005–12 out of which the amount available for urban transport is expected to be in the range of Rs 10000 crore. As regards non-JNNURM, budgetary support is Rs 3055 crore. The shortfall will need to be met by other sources of finance.

Source: Ministry of Urban Development, GoI.

TABLE 11.12
Slum Population—Census 2001

Slum population 1991 (TCPO estimates)	46.26 million
Slum population 2001 (TCPO estimates)	61.82 million
No. of towns reporting slums in Census 2001	640 [#]
Reported slum population in 640 towns, 2001	42.58 million
Population of towns/cities reporting slums, 2001	184.35 million
Share of slum population to population of towns/cities reporting slums, 2001	23.1%

Note: [#] Towns with population of 50000 or more.

11.147 The total outlay for the Eleventh Plan for Ministry of Urban Development is Rs 24600 crore at 2006–07 price (Rs 26041 crore at current price) which includes Rs 11001 crore of GBS at 2006–07 price (Rs 12443 crore at current price). Likewise, the total outlay for the Eleventh Plan for Ministry of Housing and Urban Poverty Alleviation is Rs 43480 crore at 2006–07 price (Rs 50958 crore at current price) which includes Rs 3260 crore of GBS at 2006–07 price (Rs 3687 crore at current price).

TABLE 11.13
Population, Housing and Basic Amenities

Total population of India, 2001	1028.6 million
Urban population, 2001	286.1 million
% share urban, 2001	27.8%
Total urban housing stock, 2001	52.0 million
Pucca houses	79.16%
Semi-pucca houses	15.58%
Kutchha houses	5.27%
Household with Tenure Status, Urban, 2001	
Owned	66.8%
Rented	28.5%
Others	4.7%
Households having Access to, Urban, 2001	
Safe drinking water	90.01%
Electricity	87.59%
Toilet	73.72%
Drainage	77.86%
Kitchen within the house	75.96%
LPG for cooking	47.96%
Electricity for cooking	0.31%
Biogas for cooking	0.37%

Source: MoHUPA, GoI.