



**Government of India
Ministry of Urban Development**

**Strategic Plan
of
Ministry of Urban Development
for
2011-2016**

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1. INTRODUCTION

1.1 The Challenges of Urbanization in India are unprecedented in scale and significance. The magnitude of the challenge can be understood from the sheer fact that our urban areas may be required to accommodate 250-300 million people in addition to the population that they are already home to at present in about two decades from now. Similarly, the scale of investment required would be of the order of nearly Rs. 50,00,000 Crore over next two decades if basic infrastructure is to be provided.

1.2 Urbanisation and economic progress are concomitant processes as cities provide large economies of agglomeration. The urban sector contributes around 62%-63% of GDP which is likely to increase to 75 % by 2021. Over 70 % of new jobs in future shall be largely created in Cities. The link between economic performance of cities and the national economy is increasingly getting stronger. However, in a rapidly changing world, the cities are getting increasingly interlinked and shall have to compete globally in future for employment generation and investments.

1.3 In order to ensure competitiveness of our cities and ensure basic services to our citizens, urgent steps are required to harness the opportunity that the scale of urbanization presents and to avoid urban decay. This is inseparably linked to provision of civic amenities and strong local governance consistent with the needs of 21st Century India.

1.4 The Ministry of Urban Development should be a key facilitator of this process as efficient urbanization in the country would need closer cooperation between Union, States and Cities than ever before. Therefore, though Urban Development is primarily a state subject, the Government of India needs to continue to play catalytic role in provision of basic amenities, capacity building, policy formulation and bringing about convergence and synergies.

1.5 **The vision of the Ministry** is *“To facilitate creation of economically vibrant, inclusive, efficient and sustainable urban habitats”*.

Consistent with the vision, **the Mission is to** *“promote cities as engines of economic growth through improvement in the quality of urban life by facilitating creation of quality urban infrastructure, with assured service levels and efficient governance”*.

1.6 The objectives of the Ministry are to:

- Facilitate creation of basic urban infrastructure relating to water supply, sanitation and urban transport to improve service levels and coverage by 2017.
- Creating enabling Policy environment for efficient and inclusive urban Governance .
- Facilitate implementation of urban sector reforms under Jawaharlal Nehru national Urban Renewal Mission.
- Capacity building of key stake holders including elected representatives for efficient urban management.
- To facilitate planned development of national capital region.
- Creation of residential facilities for Government officials and office space for Government and administration of CPWD.

1.7 Functions:

- Administration of urban infrastructure and governance component of Jawaharlal Nehru National Urban Renewal Mission, Schemes for development of Infrastructure in satellite towns, North-Eastern Region Urban Development Programme, Metros etc., for creation of basic urban infrastructure.
- Facilitate Implementation of Urban Sector Reforms through various schemes and Policy initiatives.
- Preparation of Plans for the development of the National Capital Region and coordinate and monitor its implementation.
- Facilitate access to Institutional finance for urban infrastructure in States in National Capital Region through National Capital Regional Planning Board (NCRPB).
- Coordination of multilateral / bilateral assistance for projects related to urban development.
- Technical assistance through Town and Country Planning Organization (TCPO), Central Public Health & Environmental Engineering Organization (CPHEEO) and National Institute of Urban Affairs (NIUA), Regional Centres for Urban Studies and Environment and Centres of Excellence.
- Construction and maintenance of Central government residential and official Buildings through Central Public Works Department (CPWD).
- Management of land and built-up properties of Government of India through Land and Development Office (L&DO) and Directorate of Estates.
- Administration of Delhi Development Authority (DDA), National Building Construction Corporation (NBCC).

This Strategic Plan lays down the Ministry's thrust for the next five years on the core area of urban development.

2. Challenges of Urbanisation in India: (Assessment of the situation)

2.1 Urban population will be growing much faster than rural population in the next few decades

2.2 Urban population (285 million) constituted 27.8% of the total population in 2001 in India. Even at this relatively low level of urbanization, India still has the second largest urban population in the world. The Census of India has estimated that by 2026, urban population would rise to around 535 million or 38.2 percent of the total population. This means an addition of 250 million persons or near doubling of urban population in about two decades from now with reference to 2001.

2.3 Similarly, the McKinsey Global Institute projects that India's urban population will be 590 million by 2030 which would be about 40 percent of the total population of the country and further estimates that by 2030, the number of million plus cities will increase to 68 of which 13 cities will have more than 4 million and six cities will have more than 10 million persons.

2.3 By 2050, it is estimated that urban population will constitute nearly half of the total population in India.

2.4 The present condition of Indian cities is not satisfactory,

2.5 The state of basic services in urban areas leaves much to be desired as brought out below.

a) **Water Supply:** The urban water supply is beset with problems relating to coverage, quality, poor operation and maintenance and sustainability. As per 65th round of the National Sample Survey, 74% of urban households are served by piped water supply, leaving 26 % population to be covered by other sources like tube wells and hand pumps etc. The sanitation rating conducted for 423 class I cities brought out the fact that drinking water samples from only 39 cities qualified on all three basic tests conducted to check water quality at consumer end: turbidity, residual chlorine and Thermo Tolerant Coli form bacteria (TTC).

b) **Sewage:** The 65th round of the NSS reports that 11% of households had no latrines. This implies that nearly three core people in urban areas defecate in open. 8% were using pit latrines and 77 percent of urban households were using either septic tanks or flush latrines. Further, according to 2001 Census, less than two-third of the urban households were connected to sewer system. The status in respect of treatment of sewage is worse. **As per CPCB report of 2009, treatment capacity installed was only 30%. The actual treatment was estimated at 72.2 % in 2008 which implies that only about 20% sewage generated was treated before disposal** in Class I cities and Class II towns (as per 2001 census).

c) **Solid waste Management in cities:** As per CPCB report brought out in 2005, about 1, 15,000 MT of Municipal Solid Waste is generated daily in the country. However, scientific disposal of the waste generated is almost non-existent.

d) **Urban Transport:** Public transport accounts for 22% of urban transport in India. Out of 85 cities with population of 0.5 million or more, only 20 cities have a city bus service.

e) **Urban Housing:** As per Census of India, 2001, 52.4 million people lived in slums in 1743 towns which constitutes 23.5% of the population of these towns. The Technical Group on the Estimation of Housing Shortage projects the total shortage of dwelling units in urban areas in 2007 to be 24.71 million and the shortage during the plan period (2007-12) including the backlog is estimated to be 26.53 million of which 99% pertains to the EWS & LIG segments of the urban population.

2.6 In order to ensure efficient management of our urban areas, not only existing deficit in infrastructure and services needs to be addressed but provision has to be made for catering to future needs as well.

2.8 The financing requirements for improving present cities as well as provide for orderly urban growth and expansions are enormous

2.9 The investment requirement for addressing basic needs has been assessed from time to time by various committees and organizations. Rapid urbanization has increased the demand for urban services. The XIth Five Year Plan of India (2007-2012), has estimated total fund requirement for implementation of the Plan target in respect to urban water supply, sewerage and sanitation, drainage and solid waste management at Rs. 1.29 lakh crores. The requirement for urban transport is projected at Rs.1.32 lakh crore.

2.10 According to the estimates based on the CDP's prepared for the cities/towns under the Jawaharlal Nehru National Urban Renewal Mission, the investment requirement for urban infrastructure services and urban transport was estimated at Rs. 8 lakh Crores

2.11 A study by the CII estimates that between 2011 and 2020 India will need investments of the order of 990 billion USD or Rs. 45 lakh Crore for basic urban amenities like sewerage and sanitation, water supply, housing, transport, electricity, healthcare etc. The Mckinsey Global Institute puts the investment requirement relating to capital and operating expenditure at 100 lakh Crore over next 20 years.

2.12 The High Powered Expert Committee constituted by Government of India for assessing investment requirement has projected the capital investment requirement for Urban Infrastructure, Renewal and Redevelopment (including slums), and Capacity Building for the 20-year period from 2012-13 to 2031-32 at Rs. 35.75 lakh crore. It has further projected a requirement of nearly Rs.15 lakh crore for operation and maintenance.

2.13 The actual investment in urban infrastructure against this requirement is assessed at Rs 0.45 lakh Crore in the last year of the 11th Plan, indicating a need for manifold increase if the challenge of urbanization is to be addressed effectively. In order to do so, urgent steps are required to address issues relating to strengthening urban governance, capacity building, financing, strategizing urbanization including spatial patterns and improving service delivery outcomes

2.14 Inadequate level of empowerment of Urban Local bodies

2.15 Municipal institutions in India have a history of over 300 years. These refer to urban local bodies (ULBs) comprising municipal corporations, municipalities and nagar panchayats. In 2001, there were about 3636 ULBs in the country (Annexure A3). However, the Constitution did not make local self-government in urban areas a clear-cut constitutional obligation. As a consequence of inadequate Constitutional provision for Local Self Government, democracy in municipal governance was not stable. As a result, many urban local bodies became weak and were not able to perform effectively. In this context, 74th Constitution Amendment Act (CAA) came into force in June, 1993 which sought to strengthen decentralisation. The main provisions include constitution and composition; constitution of wards committees; reservation of seats; duration of municipalities; powers and functions; finances; finance commission; elections; district and metropolitan planning committees, etc. The 74th CAA, expects that ULBs will assume responsibilities for urban planning, water supply, social and economic planning, slum upgradation, public health, etc. However, the CAA did not lay down revenue base for ULBs and the power to determine the revenue base continues to remain with state governments. Study of implementation of 74th CA in various states shows that some states have performed better than others. An important observation is that while there has been full compliance in respect of provisions, such as constitution of three types of ULBs, reservation of seats, and constitution of SFCs, the same cannot be said for other provisions, namely constitution of Wards Committees, District Planning Committees and Metropolitan Planning Committees.

2.16 Many states have not transferred functions, funds and functionaries to ULBs. Revenue powers of ULBs are often not in consonance with the assigned responsibilities. There is also no consistency about term, powers and method of election of Mayors. In some states, Mayors are elected directly whereas in most states there are elected indirectly. The term of Mayor varies between 1 to 5 years. In most states, Mayors do not have executive powers as these are vested with the Commissioners. Implementation of 74th CAA needs strengthening.

2.16 The need for improving the functional efficiency of ULBs has acquired greater importance after 74th CAA, which has devolved additional functions.

2.17 Capacity Building of Urban Local Bodies:

The objectives of CAA cannot be achieved, unless the ULBs have skilled manpower to undertake the various additional tasks entrusted to them. At present, many of the ULBs have only one or two engineers for preparing projects and almost no town planner for preparing City Development Plan, Detailed Project Reports, etc. The capacities are very weak for project development and implementation. A review of ongoing JNNURM project shows that ULBs are not able to develop and implement projects even if funds are made available. The capacity of the local urban bodies in India varies widely across States and cities. The issues that need attention are as follows:

- i. **Lack of personnel with appropriate skill sets:** The specific areas identified for attention are socio-economic planning, environmental management, urban planning, citizen participation, public relations, urban reforms, municipal accounting and

financial management, e-Governance, municipal service delivery including water supply, solid waste management, sewerage and sanitation.

- ii. **Inadequate skill sets of personnel already deployed:** Experience of training and capacity building programmes show that many of the functionaries of the ULBs have never received any training in their career. There are no programmes for facilitating cross learning and exposure to best practices in innovative technologies etc. The problem is indeed acute in smaller ULBs for whom hardly any programmes exist as of now.

3. BROAD STRATEGY FOR THE NEXT FIVE YEARS

3.1 Augmentation of Basic Urban Infrastructure

3.2 Provision of basic urban infrastructural services, comprising provision of water supply, sewerage, solid waste management, storm water drainage, transport and e-Governance shall be the thrust areas for the next five years. The focus shall be on outcomes rather than outputs which shall be facilitated through benchmarking in accordance to recommendations of the 13th Finance Commission and Hand Books on service level bench marks brought out by the Ministry covering water supply, sewerage, solid waste management, storm water drainage, urban transport and e-governance. A MIS at National level shall created for measuring and monitoring state of services. Environmental well being shall be integrated with all thrust areas. The implementation of National mission on Sustainable Habitat, therefore, shall be a priority.

3.3 Given the scale of investment required, approaches that optimize efficiency of capital investment shall be integrated into various programmes and schemes. Performance Improvement Plans at City Wide level shall be the way forward rather than project oriented approach for all sectors.

3.4 Recognising the need to galvanize action towards greater resource mobilisation at City and State levels, the Ministry shall work with Cities and States for exploring options like impact fee, TDR, FSI, Land Banks, municipal bonds/PPP etc.

3.5 Water Supply

3.6 Providing safe and adequate water to millions across the growing number of cities in the developing countries like India, is a key task for the urban authorities. As per 65th NSS conducted in mid 2008 to mid 2009, only 74% of the urban population was covered with piped water supply. A pilot project in service level benchmarking carried out by this Ministry in 2009 revealed the following results:

Water Supply	Benchmark	Lowest	Highest
Water supply coverage	100%	9.3	99.5
Per capita supply	135 LPCD	37	298
Non revenue water	15%	6	72.9
Consumption metering	100%	0.04	97.6

Continuity of supply	24 x 7	0.5	18
Quality of water supply	100%	60	100
Cost recovery - water supply	100%	16.1	222.8
Collection efficiency	100%	25	97.8
Complaints redressal	80%	40	100

3.7 In the next five years the Ministry will work towards providing the entire urban population including those in slums with access to piped water supply. As is evident from the above table, urban water supply is beset with other problems, like inadequacy, high levels of non-revenue water, low level of metering, intermittent supply, inadequate quality, low sustainability etc. The poor, particularly those living in slums and squatter settlements, are generally deprived of potable water.

3.8 An area of serious concern is the significant proportion of non-revenue water. A systematic approach for identification and reduction of leakage and preventive maintenance would be promoted as an integral part of the operation & maintenance of the water supply system on a regular basis, to save precious quantity of treated water and to increase revenues to make the systems self-sustaining. Such measures can often obviate the need for immediate augmentation of capacities of the existing schemes, which are very often quite capital intensive, while triggering significant improvements in service delivery. Apart from addressing issues related to intermittent water supply and leakage, metering of water supply is a *sine qua non* in the present day context for recovery of reasonable user charges and conservation. It acts as an incentive for those who wish to conserve water and a disincentive to those who waste water. Metering helps increasing the total quantum of water available and consequently increases the quantum of water available for supply and increase the overall revenue. Metering also leads to reduction of wasteful use of water and increases efficiency and sustainability of the water supply system, which is an important O&M function. Yet another priority is to move towards continuous water supply. Intermittent supply leads to sucking of external pollution into the system during non-supply hours due to inadequate pressure, causing health hazards.

3.9 In order to ensure universal access to safe drinking water to all the citizens in urban areas, the Ministry would work with states and ULBs to introduce operational, financial and institutional reforms at the State and ULB level besides improved resource management. Some of the reforms that the State Governments, Urban Local Bodies and Water Utilities have committed to implement in the context of UIG under JNNURM are:

State level-Mandatory reforms:

- Devolution of water supply functions in pursuance of the 74th Constitution Amendment Act and creating appropriate accountability
- Improving transparency through "Public Disclosure Law"
- Engaging communities in water management through community participation law

ULB Level- Mandatory reforms:

- Levy of reasonable user charges with the objective of full cost recovery
- Adoption of modern, accrual-based double entry system of accounting
- Introduction of system of e-governance using IT applications

Optional Reforms:

- Revision of municipal byelaws to make rain water harvesting mandatory in all buildings and adoption of water conservation measures.
- Byelaws for reuse of recycled waste water
- Structural reforms: these could include separation of the roles related to policy-making and service provision, ring-fencing of water utilities, professional management, and greater autonomy of water utilities along with clear regulatory structures
- Encouraging public-private partnerships: Some positive developments in this regard are beginning to take shape. For example, Kolkata Metropolitan Development Authority and Nagpur Municipal Corporation have tied up with private partners to implement water supply schemes approved under JNNURM.

Other strategies would include the following:

- Introduction of mandatory Water and Energy Audit: The Govt. of Maharashtra has made water audit mandatory for accessing of funds by Urban Local Bodies under State Plan or ACA under JNNURM for water supply and sanitation projects since November, 2008
- Improved Operation and Management through better monitoring and surveillance systems
- Greater autonomy for water providers to judiciously upgrade, rehabilitate and expand distribution systems and treatment capacity as required
- Target subsidies to capital costs, not recurrent costs

3.10 The above measures are already largely part of JNNURM process. It is pertinent to recall here that projects under the mission were sanctioned with pre-conditions relating to reduction of Unaccounted for Water (UfW i.e.), reduction of non-revenue water, cost recovery for meeting operation & maintenance cost of water supply system / connection charges, levy of user charges based on differential water tariff linked to consumption, 100% metering of all the connections, metering of bulk consumers, creation of water districts with Bulk Flow Metering and District Metering Areas and Water Audit and continuous monitoring. Interests of the poor have also been duly taken care of apart from targeted group subsidies for the minimum requirement of 6 KL, water supply at the affordable level urban poor, provision of house service connections for urban poor at subsidized rate and provision of service pipe up to the premises including water meter.

3.11 Solid Waste Management

3.12 As per CPCB report (2005), solid waste generated is to the extent of 1,15,000 MT per day. Open dumping is widely prevalent. Annual increase in overall quantity of solid waste is assessed at about 5%. The collection efficiency ranges between 70 and 90% in major Metro cities, whereas in several smaller cities it is below 50%. Of the total expenditure on SWM, it has been estimated that the Urban Local Bodies (ULBs) spend about 60-70% of total

expenditure on street sweeping, 20-30% on transportation, and less than 5% on final disposal of waste, which shows that hardly any attention is given to scientific disposal of waste. Results of the pilot project in service level benchmarking conducted in 2009 revealed the following:

Solid Waste Management	Benchmark	Lowest	Highest
Household level coverage	100%	2.6	100
Collection efficiency of MSW	100%	43.2	100
Segregation of MSW	100%	2.7	64.9
MSW recovery	80%	3.8	100
Scientific Disposal of MSW	100%	0.8	57.6
Cost recovery - SWM	100%	0.1	159.9
Collection efficiency	90%	30.2	100
Complaints redressal	80%	62.5	100

3.13 As per the Municipal Solid Waste (Management & Handling) Rules, 2000 every municipal authority is responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes. The deadline for implementation of Rules was December 2003, but hardly any ULB could implement these rules in letter and spirit. The Ministry (Central Public Health Environment Engineering Organisation) has brought out the Manual on Municipal Solid Waste Management in May 2000, which is a guidebook for planning, design and implementation of solid waste management facilities in the cities and towns. The manual inter alia gives an account of the typical urban waste in India such as, per capita generation of waste, its composition, physical and chemical characteristics, collection efficiency, transportation, processing and disposal of the wastes. Pursuant to the affidavit filed by the Union Of India In the Honourable Supreme Court of India in February 2003, the Ministry also constituted the 'Inter-Ministerial Task Force on 'Integrated Plant Nutrient Management using City Compost' to prepare a policy, strategy and action plan for promoting 'Integrated Plant Nutrient Management using City Compost' along with synthetic fertilizers in the areas of agriculture, horticulture and plantation crops etc. The task force has given its report in which many valuable recommendations have been made. The recommendations include action points pertaining to various Central Ministries, State Govts, ULBs, chemical fertilizer companies, role of the private entrepreneurs, funds required in setting of compost plants, quality of the organic fertilizers/ compost, design of compost plants of different sizes etc. the recommendations have been accepted by the Supreme Court and they have desired that all the stakeholders should implement these recommendations in toto. The municipal solid waste can be transformed into other forms of wealth. The waste needs to be properly segregated into organic and inorganic components at source/ household level. The organic portion consisting of paper, plastic, rubber etc. can be recycled; the remaining wet waste can

be subjected into useful compost which can be used as soil conditioner in the gardens, etc. the inorganic portion having metals, glass etc can be recovered and recycled. The bulky and heavy building material and debris can be separately collected and used in the low lying areas or to cover the landfills. Some of the major issues concerning waste management are:

- (a) Absence of segregation of waste at source
- (b) Lack of funds with ULBs for waste management
- (c) Lack of technical expertise and appropriate institutional arrangement
- (d) Unwillingness of ULBs to introduce proper collection, segregation, transportation and treatment / disposal systems
- (e) Indifference of citizens towards waste management due to lack of awareness
- (f) Lack of community participation towards waste management and hygienic conditions

3.14 The Ministry will work with states to explore the following strategies:

- The recovery of recyclables presently being done in an unorganized manner needs to be replaced with informal arrangements of rag pickers and NGOs/CBOs also being involved for effective door to door collection.
- Acquisition/earmarking of land required for the project should be facilitated by proactive guidelines/direction from the State level. Master Plan process should actively address this requirement.
- The concept or regional solid waste management solutions needs to be encouraged as has been taken up in Gujarat with a view to achieving economies of scale.
- Waste characterization has to be done properly taking representative samples from the city for various types of wastes and the treatment process should be selected accordingly.
- Appropriate technology options for treatment of the organic content of the wastes should be chosen based on the physical and chemical characteristics of the wastes and local conditions etc.
- IEC (Information, education, and Communication) in order to educate households, municipal staff as well as personnel engaged in collection and management of waste about need for segregation at source and improved sanitation is the most important element in success of a SWM project. This must be accorded due and adequate priority.
- Polluter Pay Principle should be implemented in a calibrated manner in order to instill a sense of discipline with respect to throwing of litter by people without any concern for cleanliness. The examples of Ahmedabad and Surat in Gujarat and Suryapet in Andhra Pradesh could serve as a reference.

In the area of solid waste management, PPP may be explored / introduced for functions such as door to door collection, street sweeping, transportation, treatment etc.

3.15 Sanitation

3.16 As per 65th NSS conducted in mid 2008 to mid 2009, 11% of the urban households had no latrines. According to 2001 census, less than 2/3rds of the houses were connected to the sewer system. The CPCB report of 2009, points out that treatment capacity was only 30% of that required and that too was used only to the extent of 72.2%. The rating of Class I cities

conducted under the National Urban Sanitation Policy in 2009-10 which covered 423 Class I cities revealed the following:

- Every two out of five cities fall in the red category(185 cities); More than half the cities fall in the black category (234 cities).
- Only four cities qualified for the blue category, No city is green and healthy
- No city in India can claim to be “open defecation free”
- More than 50 cities report 90 percent safe collection of human excreta.However 380 cities collect and treat less than 40% of their human excreta and dispose it off unsafely
- Twenty four cities report collect more than 80 percent of its solid waste.
- All drinking water samples passed only in 40 cities

3.17 The results of the pilot project in service level benchmarking also highlight several areas of concern.

Sewerage & Sanitation Services	Benchmark	Lowest	Highest
Toilet Coverage	100%	16.8	100
Sewerage network coverage	100%	4.2	100
Waste water collection efficiency	100%	2.8	99.3
Wastewater treatment adequacy	100%	2.5	178.9
Quality of wastewater treatment	100%	33.3	100
Extent of reuse & recycling of treated WW	20%	0.6	35.9
Cost recovery - waste water	100%	4.3	176.7
Collection efficiency	90%	18.7	97.1
Complaints redressal	80%	40	100

3.18 Provision of underground sewerage and drainage to cities and town is an enormous task and 100% coverage in terms of area and population may not be possible given the resources required. The Ministry will work towards better sewage and septage management in the country. The Ministry will also work towards implementation of the National Urban Sanitation Policy. Cities will be encouraged to formulate City Wide Sanitation Plans and all the States shall be encouraged to adopt State Sanitation Strategies. Ministry will support these activities through financial and policy support through various schemes. A separate scheme for achieving the goals of NUSP shall be formulated in the 12th Plan. Eradication of Manual Scavenging in all forms shall be one of the goals of the Scheme.

Storm Water Drainage

3.19 Many cities in India ranging from large metropolitan to small transitional cities lack effective storm drainage systems and face problems due to illegal, unplanned development and encroachment often on natural areas and drainage systems/ways. As the cities develop and grow, benefits from important environmental functions (natural water ways/areas) are often ignored and overlooked as a result of which natural areas are degraded and damaged. This along with increase in built up area results in increase in incidences of flooding and accompanied ill effects. The densification of cities is leading to construction of roads, buildings which has resulted in increase in impermeable areas. As a result often permanent changes to the catchment are caused, leading to changes in runoff patterns, which affect the magnitude, frequency and occurrence of flooding. The core of sustainable storm water management is to consider storm water as a potential resource rather than as a liability or a waste product. This shift can only be initiated by a visionary storm water management approach which combines the preventive measures with the traditional curative and reactive measures in appropriate sum so as to minimize negative impacts on human, property and environmental health. In this respect, environmental health would include preserving and maintaining the natural hydrological cycle, groundwater recharge, natural drainage system etc. The pilot project in service level benchmarking revealed the following results:

Storm Drainage Management	Benchmark	Lowest	Highest
Drainage network coverage	100%	1.5	126.6
Incidence of water logging	0	4	214

3.20 The parameters identified for storm water management under National Mission on Sustainable Habitat such as coverage of drainage network, measuring of vulnerability to flood, measurement of the level of permeability shall be integrated with the process of development of cities to minimize the incidences of flooding in urban areas.

3.21 Urban Transport

3.22 Government of India announced the National Urban Transport Policy (NUTP) in April 2006 with objective for ensuring easily accessible, safe, affordable, quick, comfortable, reliable and sustainable mobility for all. The policy focuses on the need to “Move people – Not vehicles”. It seeks to do this by encouraging improvements in public transport and facilities for the use of non-motorized modes. It suggests greater involvement of the private sector and innovative financing mechanisms to enhance efficiency and reduce the impact on the public budget. The Ministry will continue to work towards promotion of appropriate public transport solutions in line with the National Urban Transport Policy. The Ministry would continue to take steps to enhance capacity and involvement of ULB’s / states/people in the field of urban transport through various programs and schemes.

3.23 E-Governance

3.24 While the creation of urban infrastructure would continue to be the key to urban development, it is equally important to manage the created infrastructure efficiently in order to achieve the desired outcome. Use of available information technology tools thus becomes imperative not only for delivering the urban services to the citizens but also to manage the complexity associated with the infrastructure including utilities, roads and other physical infrastructure.

3.25 Further, use of information technology will allow state to provide additional delivery channels to the citizens for delivering the services within the capacity constraints associated with them. It will ensure uniform level of service delivery to all citizens.

3.26 This would require that information technology is integrated with infrastructure planning for urban service delivery such as utilities, roads, energy, land & property management etc. Necessary institutional mechanism to support the information technology infrastructure would be created. The strategy during the next five years will be to cover all class-I cities as per 2001 census with strong emphasis on PPP models. The national mission on E-governance will be under taken in all towns through the urban infrastructure development scheme for small and medium towns.

3.27 Jawaharlal Nehru National Urban Renewal Mission

3.28 Jawaharlal Nehru National Urban Renewal Mission (JNNURM) launched on 3rd December, 2005 aims at focused attention to integrated development of urban infrastructure and services with emphasis on provision of basic services to the urban poor including housing, water supply, sanitation, slum improvement, community toilets/baths etc. The JNNURM is the largest intervention by the Union Government in the urban sector. The Mission is reforms driven i.e. the States and Cities are required to undertake certain reforms, mandatory as well as optional, as a pre-condition to accessing funds for the various projects. The reforms aim at improving financial health of the local bodies, sustainability of assets created, improvement of Urban Governance and service delivery. The Ministry will continue with the Mission over the next five years. The focus will be on implementation of unfinished agenda and expand coverage to achieve goals identified above.

3.29 The strategy under JNNURM shall be to incorporate the learnings during implementation of the Mission in the last 5 years and bring in appropriate changes so as to bring in renewed energy and focus to the Mission in the next 5 years. The essential elements of the strategy shall be as under:

1. Focus of the Mission would by and large continue in the present cities to ensure sustained commitment of the Government for implementation of reforms and service levels in core areas
2. Cities to select reforms from a menu of options through bottoms up approach; however reforms like property tax, accounting reforms, e governance, user charges, internal earmarking of funds for poor would be mandatory. States & ULBs to choose from a set of reforms and can be incentivized accordingly. Some of the difficult reforms like introduction of property title certification system in ULBs, simplification of legal and procedural framework for conversion of agricultural land for non-agricultural purposes

and transfer of some of the functions under 74th Constitutional Amendment Act may need to be relooked at.

3. ULBs that have successfully implemented the present reforms may undertake the 2nd generation reforms and be incentivized for the same.
4. Sectors in which projects can be taken up through GOI's ACA - water supply & sanitation (sewerage & drainage), solid waste management. All reforms directly related to the sectors chosen for implementation of projects to be implemented by states & cities within the project implementation period
5. Funding support to ULBs through a combination of budgetary support (ACA) and performance grants. Performance grants will be available for achievement of reforms and service levels and leveraging of funds
6. Implementation of Reforms and achievement of service level benchmarks to be given priority, including usage of latest technologies and inclusivity in services
7. Capacity Building to be given adequate priority for creation of capacities in institutional, project management, finance and reforms
8. Mission management to be strengthened by convergence of activities between both the components of the Mission at the state and ULB level.

3.30 Capacity Building

3.31 One of the biggest challenges in improving urban service delivery and Governance is capacity constraint. Building adequate capacity in this sector requires immense efforts as there are constraints on both supply side and demand side.

3.32 The capacity building programmes must address the elected leadership and should fully cover all the Mayors, Chairpersons, Municipal Councillors and Urban Development Ministers at the State level. These programmes should be tailor made to suit the requirements and should equip these functionaries to discharge their functions.

3.33 Professionalization of Municipal Cadre is a necessity. The States need to be supported towards developing Municipal cadres so that every city has at least a minimal capacity to handle basic functions like accounting, resource mobilization, planning and delivery of basic services.

3.34 Capacity for better regulation in urban service delivery also needs to be created and should be supported by the Ministry. A beginning can be made with water and sanitation which could be gradually upscaled to cover other sectors like transport.

3.35 Capacity building of urban planners, engineers, architects, social scientists, IT personnel shall be given priority including capacity building in green engineering in furtherance of NMSH.

3.36 The Ministry shall work towards establishing at least one centre of excellence in each State to create a network of institutions which can independently support policy formulation and programme implementation in the States including impact evaluation.

3.37 The above activities shall be implemented through expansion of Capacity Building Scheme for Urban Local Bodies as well as through the support available for capacity building available under the Mission on Sustainable Habitat.

3.38 The Ministry is supported by technical organisations like the Town and Country Planning Department, the Central Public Health and Environmental Engineering Organisation, National Institute of Urban Affairs and Regional Centres for Urban & Environmental Studies in the implementation of its policies and schemes. As these organisations are over stressed and overstretched, the Ministry will take steps to enhance the capacity of these organisations as well as forge alliances with other institutions to enhance its capability to provide support to cities and States in managing urban development issues more effectively. The Administrative Training Institutes in each states, leading management / engineering institutions and think tanks and innovation groups will be associated to strengthen the capacity building efforts.

3.39 National Capital Region Planning Board (NCRPB) will be used to create a model for regional planning and development during the next plan. **NCRPB's Regional Plan is key to managing growth and development of the National Capital Region** through development of spatial, industrial, social and economic infrastructure, which entails planning and facilitating investments in creation of infrastructure through various implementing agencies of the central and state governments. National Capital Region Planning Board has made two Regional Plans- *the NCR Regional Plan-2001*(RP-2001), the first statutory regional plan for the region, was released in 1989 by the NCRPB and the second Regional Plan viz. Regional Plan-2021 has been notified in September, 2005. The Regional Plans prepared by the Board have attempted to meet the challenges through its recommendations on policies and programs for the NCR region. In addition, it has made complementary functional plans to guide major infrastructure developments in the region.

3.41 NCRPB is also facilitating financing of infrastructure investment in the region, as per its mandate and has so far supported 255 infrastructure projects in the area of Land Development, Sewerage and Waste Water Treatment, Drainage and Solid Waste Management, Water Supply, Electricity transmission and distribution, Roads, ROBs/RUBs, Hospitals and other social infrastructure involving total outlays exceeding Rs. 17453 crore.

3.42 Financing Requirements

Providing for basic urban infrastructure requires large volume of money. A number of estimates have been made:

1. The XIth Five Year Plan of India (2007-2012), has estimated that total fund requirement for implementation of the Plan target in respect to urban water supply, sewerage and sanitation, drainage and solid waste management is Rs. 129,237 crores. The amounts needed for water supply being Rs. 53,666 crores; for Urban sewerage & sewage treatment being Rs. 53,168 crores; for Urban drainage Rs. 20,173 crores; and for Solid waste management Rs. 2,212 crores the remaining Rs. 18 crores for MIS and R&D activities. In addition, the requirement of urban transport for the eleventh plan period is estimated at Rs.1,32,540 crore

2. According to the estimates based on the CDP's prepared for the cities/towns under The Jawaharlal Nehru National Urban Renewal Mission the investment requirement for urban infrastructure services and urban transport is estimated to be Rs. 8 lakh Crores
3. A study by the CII estimates that between 2011 and 2020 India will need 990 billion USD for urban services of which 170 billion USD are for water supply(30) , sewerage & Sanitation(40) and Transport(100). In Indian rupees this amounts to 1,35,000 crores for water; 1,80,000 crore for sewerage and sanitation and 4,50,000 crores for transport.
4. A similar study by Mckinsey Global Institute puts the requirement of for urban infrastructure at 53 lakh Crores over next 20 years
5. Yet another estimate puts the required investment at 31 lakh crore for the 20 year period 2012 to 2031.

All of the above estimates show that a very large amount of money is required for the provision of basic urban infrastructure. The present allocations through the JNNURM and the Ministry's budget are too meagre to make a sizeable impact. It is therefore, important that potential of resource mobilization at the State and city levels are fully harnessed. In order to do so, possibility of linking resource transfers from the Union Government to State Government and cities with own resource mobilization shall be explored. Out of the six priority sectors for this Ministry, the Ministry shall play a catalytic role in respect of solid waste management, urban transport and IT infrastructure and encourage private funding by putting in place the necessary policy and enabling environment. For sewerage the cities will be encouraged to work towards cost recovery for sewage services. Given the capital intensive nature of sewerage systems cities will be encouraged to explore alternative solutions such as improved septage management and implementation of decentralised waste water management systems. In the case of water supply and storm water drainage the asset creation will be done by the public sector and private sector partners can be enlisted for operation and maintenance. In addition to government and private funding additional resources will be mobilized through bilateral and multilateral institutions.

Public Private Partnerships will be an important element of overall strategy. Possibility of greater flexibility under the viability gap fund will be explored. A special purpose fund Public Private Partnership Urban Infrastructure Fund (PPPUIF) shall be created to create dedicated fund for the purpose and evolving innovative instruments. In order to facilitate better preparation of projects to attract PPP, capacity building assistance shall be provided apart from leveraging support from India Infrastructure Project Development Fund (IIPDF), India Infrastructure Finance Limited (IIFL). Model Request for Proposals and model concession agreements shall be evolved and disseminated for the key sectors. The Ministry will also work with

the States for creating better policy and regulatory environment. The Planning Commission visualizes mobilization up to 30% resources through PPP route.

Government of India support to the States and cities shall be of the order of Rs. 1,50,000 crore.

3.43 Strengthening of ULB Finances.

3.44 It is clearly recognized that the investments required for catering to urban infrastructure are too large to be met through vertical transfers. In this scenario there is a pressing need for ULBs to mobilize revenue at their level. A number of revenue instruments are available to the states for this purpose. These include Property tax, Building license fee, other land based levies such as betterment levy/Valorization/Impact fee/Exaction, Stamp Duty, Advertisement Fee, Octroi, Hawker/ Vendor Fee, Public Private Partnership and user charges. Studies of municipal finances indicate that several constraints hamper effective use of these revenue instruments as indicated in the box below:

Revenue Instrument	Barriers
Property tax	Weak tax net, exemptions given to owner occupied properties, conventional database
Building license fee	Rates not timely revised and not linked with the cost of infrastructure, poor recovery and tedious procedures.
Other land Based tools Betterment levy Valorization/ Impact fee/Exaction	Mostly not in use, lack of enabling provisions. * refer box below.
Stamp Duty	States to share revenue adequately
Advertisement Fee	Poor application and use of innovative ways for advertisement, weak enforcement
Octroi	Inadequate compensation, no alternate tax to match its revenue potential
Hawker/ Vendor Fee	Under utilized
Public Private Partnership	Underutilization, not designed
User Charges	Tariff not rationalized

	Poor collection Limited metering Across the board subsidy
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3.45 Property tax base is eroded significantly due to poor information base and exemptions being given by the States/ULBs. Similarly tax administration is also weak. Similarly, it has been noticed that building license fee has not been optimally utilized due to problems related to lack of data on building construction and cross – check with property tax department, non – revision of tariff/rates, poor recovery and exemptions. Land based tools other than property taxes, (based on incremental value) are not used by the ULBs. However, almost all the ULBs are initiating data base development on GIS/ IT method which will facilitate application of other land based tools (Box below). However, respective states have to take suitable initiatives.

Local Area Development – taxes/ Levies
<p>Betterment Levy</p> <p>Also known as betterment levy, this tax is levied to recover increase in urban land value resulting from implementation of specific urban development projects. The proceeds from this levy are used to meet capital cost of the project. It is levied on the project beneficiaries and continues till the full capital cost of the project is recovered.</p>
<p>Valorization Charges</p> <p>This is cost recovery mechanism allocated on the basis of assignment of prescribed benefits to properties in the demarcated series of equally wide capital zones along the project. Adjustments are needed to take account of variation in the plot size and frontage. This tax is levied in Columbia.</p>
<p>Impact Fee</p> <p>This tax is used widely in USA, to recover the cost of services resulting from the construction of new housing stock by the builders. It is charged on the builder for additional services that are required by the civic authority. The municipal corporation of Hyderabad levies this tax.</p>
<p>Development Charges</p>

3.46 Stamp duty is another instrument to capture land value gains. This is, however, levied by state government and is not directly shared with the ULBs in most of the states.

Another instrument, advertisement fee, is not fully used by a number of ULBs, even though proceeds from the advertisement fee can provide substantial funds to the ULBs.

3.47 Hawker/Vendor Fee is also an important non – tax source. It helps in better and controlled use of public spaces such as pavements. However, this tax suffers from leakages and static rates not revised periodically.

3.48 Public Private Partnerships can act as a major resource to bridge the revenue/ resource gap in various developmental activities related to infrastructure and at the same time bring out quality in the delivery of services. However, full potential of the PPP is not used by sample towns.

3.49 User/ Water Charges are also not optimally used and due to conventional pricing and cost recovery mechanism which is reflected in poor revenue collection.

3.50 There is no specific study available to show own source potential in a broader framework of municipal finance. However, there are a few broad estimates available on the basis of sample studies on individual component of own sources which can serve to illustrate the potential. 13th FC report as per study by NIPFP gives Rs 22,000 crore to 32000 crore as potential for Property Taxes based on improvement of existing coverage and collection efficiency.

3.51 In these circumstances the Ministry intends to explore creating a scheme for providing support/ incentives to those ULBs who wish to plan and initiate action for improving own sources of revenues. The scheme shall provide support for planning and incentives upon achieving targets as per plans.

4. Implementation Plan

4.1 JNNURM shall continue to be the main instrument for achieving goals as laid out earlier. The focus will be on complete the unfinished agenda relating to reforms and project implementation as well as promote next generation of reforms. It is expected that funding under the Mission shall be adequately enhanced to generate momentum in states and cities for achieving strategic objectives. The implementation plan shall include:

1. **Preparation of revised City Development Plan:** All cities covered under the Mission will be required to prepare a revised City Development Plan (CDP) based on the revised CDP Toolkit. This should take into account the effect of implementation of JNNURM in the first phase and also link it with other Plans prepared or under preparation (eg. CSP etc.)
2. **Prioritisation of reforms:** All cities will be required to implement the core/mandatory reforms; In addition they will be required to implement reforms deemed necessary for sustainability of projects selected by the city. Further the city will also select list of reforms through a bottoms up approach.
3. **Implementation of reforms:** All cities and states covered under the next phase will sign Memorandum of Agreement (MoA) which will mention in detail the reforms (mandatory and selected) that will be undertaken by them.
4. **Identification of projects:** Based on allocation of funds, cities shall be asked to choose the projects it wants to undertake.
5. **Implementation of projects:** Projects will be designed and implemented by the ULBs. Projects will be sanctioned by the State Level Sanctioning Committee (SLSC). These would be designed to meet the standardized service level benchmarks.
6. **Financing plan: Financing would be done** for cities as a combination of budgetary (ACA) support and performance grants. Release of budgetary support (ACA) will be made on the basis of achievement of reforms. Performance grants will be released upon achievement of reforms and service level benchmarks on a timely basis.
7. **Leveraging of funds:** Cities and States that leverage funds for projects funded under the Mission from the market in the form of bonds, PPP contribution towards capital cost or loan will be incentivised.

4.2 OUTCOMES

1. Implementation of 74th Constitutional Amendment Act.
2. Cities with substantially improved level of services delivery which is also inclusive providing basic level of urban services to people living in slums
3. Modern and transparent budgeting, accounting, financial management systems, designed and adopted for all urban service and governance functions
4. Financially self-sustaining agencies for urban governance and service delivery will be established, through reforms to major revenue instruments
5. Local services and governance will be conducted in a manner that is transparent and accountable to citizens
6. E-governance applications will be introduced in core functions of ULBs/Parastatal resulting in reduced cost and time of service delivery processes.

4.3 While JNNURM will remain the primary instrument for support to states it shall be complemented by schemes like UIDSSMT, NERUDP, UIDSSST, 10 % Lump Sum Scheme for North-East etc. Multilateral and bilateral assistance shall also be aligned towards achieving these objectives.

4.4 Urban Infrastructure Development Scheme in Small And Medium Towns (UIDSSMT) :

4.5 Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) aims at improvement of urban infrastructure in all 2001 census towns and cities (other than the 65 cities identified under JNNURM) in a planned manner. Its objectives are: Improve infrastructural facilities and help create durable public assets and quality oriented services in cities and towns; and promote planned integrated development of towns and cities Enhance public-private partnership in infrastructural development The scheme is a part of JNNURM and will be continued in the next plan period along with JNNURM. The national mission on e-governance will also be implemented through this scheme.

4.6 Scheme For Urban Infrastructure Development In Satellite Towns Around Seven Megacities.

4.7 Ministry of Urban Development is implementing a pilot Scheme for Urban Infrastructure Development in Satellite Towns around seven Mega Cities i.e. Delhi, Ahmadabad, Mumbai, Bangalore, Chennai, Hyderabad, Kolkata. The main objectives of this scheme is to develop urban infrastructure facilities such as drinking water, sewerage, drainage and solid waste management and reforms such as property tax reforms through GIS; introduction of accrual accounting; amendments to building bye laws to provide for structural safety, rain water harvesting and barrier free built environment; achievement of service level bench marks for basic urban services; internal earmarking of budgets and allocation of FAR/ housing sites for urban poor in selected satellite towns around the seven mega-cities and to channelize their future growth so as to reduce pressure on the mega cities. The pilot will be expanded based on outcomes during the next plan period.

4.8 NATIONAL MISSION FOR SUSTAINABLE HABITAT

4.9 The National Mission on Sustainable Habitat is one of the eight National Missions under the National Action Plan on Climate Change. The Mission seeks to promote sustainability of habitats through improvements in energy efficiency in buildings, urban planning, improved management of solid and liquid waste including recycling and power generation, modal shift towards public transport and conservation. It also seeks to improve ability of habitats to adapt to climate change by improving resilience of infrastructure, community based disaster management and measures for improving advance warning systems for extreme weather events. The Mission is to be implemented through appropriate changes in the legal and regulatory framework, viz. Building Byelaws, Development Control and Regulation etc.; mainstreaming of climate change and sustainable development concerns in city planning through City Development Plans including those related to adaptation, promotion of modal shift in public transport through Comprehensive Mobility Plans, capacity building and outreach; and implementation of pilot projects. The Mission document was approved by the Prime Minister's Council for Climate Change on 18.06.2010.

4.10 The first step towards implementation of the Mission would be development of sustainable habitat standards which would include standards aimed at increasing energy efficiency in the residential and commercial sectors, urban transport, water supply and sewerage, urban planning and municipal waste. Adoption of benchmarks related to water supply, solid waste management, sewerage and storm water drainage shall be promoted as an integral component of sustainable habitat standards as it provides a useful framework for addressing issues relating to both adaptation and mitigation apart from performance improvements in these sectors. The sustainable habitat standards would integrate standards related to energy performance of buildings, structural safety (against extreme events), energy efficient constructions, harmonizing of Energy Conservation Building Code (ECBC) norms with National Building Code (NBC) and Environmental Impact Assessment (EIA) norms, mandatory rain water harvesting, integration of economic, transport, environment and risk planning with overall spatial and urban planning as well as regulations to discourage personal modes of transport and fuel efficiency standards. These standards would subsequently get integrated with the Building Byelaws, Development Control and Regulations and Motor Vehicle Act etc. to ensure that future developments are aligned in accordance with concerns related to climate change and harness win-win opportunities towards overall sustainable development. The adoption of these standards would be incentivized through existing schemes like the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and other schemes of Government of India, as well as bilateral and multilateral cooperation.

4.11 Comprehensive and holistic urban planning through City Development Plans that mainstream sustainable habitat standards would be a key component of implementation strategy of the Mission. The City Development Plans could cater to the requirements of both adaptation and mitigation and would include activities related to reducing vulnerabilities of communities against inadequate level of municipal services pertaining to water supply, waste water management, solid waste management, apart from integrated urban planning. The Mission document provides estimates of the order of funding that may be required for meeting adaptation needs of the most vulnerable communities. Preparation of City Development Plans shall be supported under JNNURM and capacity building funds.

4.12 A set of complimentary actions comprising pilot projects related to green buildings, energy efficient construction material and technologies, recycle and reuse of solid and liquid waste, decentralized waste water management, use of low water technology, separation of grey water and black water, ecological sanitation, outreach activities aimed at raising awareness about economic and environmental benefits of energy efficiency and conservation, National network of key institutions working on issues relevant to the Mission, facilitating research and developmental activities exploring technological options for higher efficiency and lower cost green products, creation of dedicated website for wider dissemination of relevant information, institution of awards for high performance buildings and systems and financial incentives for energy efficient constructions. It would also seek to facilitate development of course curriculum for adoption by professional institutions for mainstreaming these concerns.

4.13 Urban Transport is a key element of promoting sustainability of habitats. Towards this end, the Mission proposes to support comprehensive mobility plans which would address issues related to transport planning and land use integration, optimization of various public transport modes, discouraging personal vehicles, development of appropriate parking norms and strategies, pedestrianization and strengthening of institutions. The comprehensive mobility plans would supplement the sustainable habitat standards in this regard.

4.14 The lack of capacity for efficient urban planning has been taken into account while developing the Mission strategy and constitutes an important element of overall implementation framework. The capacity building measures would cater to needs related to increasing energy efficiency in residential and commercial sectors, urban transport, waste water management, solid waste management, adaptation as well as those related to development of projects related to clean development mechanism.

4.15 The expected financial implications of the complementary measures and the capacity building measures are as given in the table below:

Measures	Financial implications
Complementary actions	Rs 800 crores
Capacity building measures	Rs 200 crores
Total	Rs 1000 crores

4.16 The Ministry will initiate the mission shortly and carry on with it during the 12th Plan. The institutional mechanism proposed envisages a three tier structure with an Apex National Inter-Ministerial Group on Sustainable Habitat. It will be aided by a Mission Implementation and Monitoring Group which will include representatives from the Government as well as outside and a Mission Directorate which will be created in the Ministry of Urban Development. At the State level, an Apex Coordination Committee has been proposed.

4.17 PROPOSED SCHEME FOR MECHANICAL AID FOR CLEANING OF SEWERS AND SEPTIC TANKS (SMACSS)

4.18 The National Advisory Council (NAC) has observed that the shameful practice of manual scavenging persists in India, despite being outlawed. The NAC has identified the need for a special focus to liberate our society from the norms on social exclusion and discrimination along with an action plan with full ownership of participation of the persons involved in manual scavenging. The Government of India has enacted the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993. It serves as a primary instrument in the liberation of a broken people enslaved to a life of indignity enforced through ideologies of descent based work and caste. The Act defines a manual scavenger as “a person engaged in or employed in manual carriage of human excreta”. 4.19

4.19 However, the existing definition of manual scavenging as per the Act, 1993 does not cover manual cleaning of septic tanks and sewers cleaning. It is essential that such cleaning operations be included in the definition of manual scavenging since there they involve similar issues of dignity as well as health related risks. Therefore, the definition of manual scavenging may be modified as “a person engaged or employed, whether by an individual or an urban local body or any other public or private agency, for manual cleaning, carrying or disposing untreated human excreta, including a latrine, a tank, in a drain or a sewer line”. There are established technologies that convert human excreta in to manure in a scientific manner. Such decomposed material and its carriage may not be covered in the definition of scavenging.

4.20 Accordingly, the MoUD intends to formulate a scheme for facilitating the state government and ULBs in ensuring cleaning of sewers and septic tanks/any latrines mechanically. The scheme will facilitate funding for the procurement of suction machines for cleaning of septic tanks and suction-cum-jetting machines for cleaning of sewers in all cities/towns in the Country. The scheme is envisaged on ‘All Town’ basis. All 5161 cities and towns as per 2001 census will qualify for assistance under the proposed scheme.

4.20 FINANCING PATTERN

- i. Funds would be provided to the SLNA through State Governments / UTs in the form of 100% grant for capital investment for the procurement of the equipment and machinery. No funds would be provided for operation and maintenance of sewerage and onsite sanitation systems including maintenance of these machines which shall be borne by the ULBs/State Govts.
- ii. The operation and maintenance of sewerage and onsite sanitation system (septic tanks, dry latrines etc) including running and maintenance of machinery shall be the responsibility of the ULB/Water Supply and Sanitation (WSS) Agencies/Boards. If necessary, these activities may be outsourced by the ULBs/ WSS Agencies/Boards to private service providers/ entrepreneurs over a specified period as per the agreement to be executed between ULBs & private entrepreneurs. The O&M cost including de-silting, cleaning of sewers & manholes, de-sludging of septic tanks and maintenance of vehicles would be borne by the ULBs.
- iii. The requirement of funds for the purchase of suction machines and suction-cum-jetting machines for cleaning of sewers and septic tanks for all 5161 towns have been assessed as Rs. 4949 Crores.
- iv. Funding will be available for the procurement of new machines only.

4.21 CRITERIA FOR PRIORITIZATION OF TOWNS

4.22 Priority would be given to towns with the following characteristics.

1. State capitals irrespective of the population
2. Pilgrim centre/heritage towns
3. Culturally important towns
4. ULBs in which the practice of manual scavenging is pre-dominant
5. ULBs where there are no machines for sewer and septic tank cleaning operations.

4.23 MONITORING MECHANISM

4.23 Independent Evaluation and Monitoring Agencies should be appointed by the State Govt. at State level/city level in line with the monitoring mechanism envisaged under JNNURM. The Independent Evaluation and Monitoring Agencies will monitor the status of the procurement of the machines, cleaning operations of the sewer and septic tanks and the status of the action taken on the eradication of manual scavenging by the ULBs and report to the to the Municipal Administration/State Govts which will forward the same to SLNAs. The SLNA will forward the status of the implementation of the scheme to the Ministry of Urban Development.

4.24 The concerned ULB/Head of Water Supply and Sanitation Agencies, who are responsible for O&M of sewerage and onsite sanitation facilities shall furnish an action plan each year to the Ministry of Urban Development through Directorate of Municipal Administration and SLNA regarding action taken/action to be taken for elimination of manual scavenging and the number of employees engaged in manual cleaning and mechanical cleaning of sewers and septic tanks in the next 2 years from the date of purchase of machines.

4.25 PPP-URBAN INFRASTRUCTURE FUND WITH ASSISTANCE FROM KfW

4.26 The PPP Urban Infrastructure Fund has been envisaged at the instance of KfW, the German Development Bank in recognition of the need to encourage PPP to augment government efforts, given the huge investment requirements in urban infrastructure. The proposed fund aims to address the lack of any national-level, urban-focussed institutional mechanism to actively engage in capacity building, project identification, development, structuring and funding bankable PPP projects in the urban infrastructure sector. It is felt that though JnNURM, VGF, IIPDF, IIFCL, HUDCO and other governmental programmes do play a part, they may lack either the urban focus or an active, integrated role to make a significant impact in promoting PPP projects. Further, commercial lending to ULBs also remains negligible. It is felt that a PPP-UIF can help kick-start the market – Develop risk assessment frameworks, develop structures and create a track record with a good urban portfolio. The significant features of the proposed instrument would be as follows:

- **Low Interest Rate:** Given low cost funding PPP-UIF would be able to lend to ULBs at relatively **lower interest rates** (about 2% below bank lending rates).
- **Long Tenure:** Given long pay-off period for urban projects, long term debt funding is essential. The Indian debt capital markets are **deficient in long-term** debt instruments.
- Currently loans with maturity of 10-12 yrs available only selectively to a few borrowers.
- **Fixed Interest Rate :** Most banks/institution loans are **floating with periodic resets**.
- Lending by PPP-UIF to ULBs at fixed interest rates will increase viability of projects.
- **Structured Products :** In plain vanilla loans, debt service is front-ended but project cash inflow are back-ended.
- PPP-UIF would provide **flexible/variable repayment option** & step-up coupon payments.

4.27 The fund is expected to utilise a concessional, fixed-rate, 12-year, Euro 200 mn (approx. Rs. 1,200 crores) sovereign guaranteed loan from KfW to GoI. In addition, KfW will provide a grant fund of Euro 6.4 mn (approx. Rs. 38 crores) for project development and capacity building. The proposed fund needs to be discussed with the Planning Commission and the Ministry of Finance.

4.28 CAPACITY BUILDING SCHEME FOR URBAN LOCAL BODIES

4.29 The key elements of any capacity building strategy would include optimal utilisation of existing capacity building initiatives; encouraging private sector participation in the context of the wide gap in the requirement and availability of quality human resources; creation of an umbrella framework under which various initiatives undertaken by international agencies , other national and state level entities will be brought on a common platform to expand training opportunities; emphasis to smaller urban areas; following a bottoms-up approach in assessing Training and Capacity Building Needs at the State and City levels, hands-on learning and exposure visits shall be integrated into programmes and activities. The long term Capacity Needs shall be addressed through Academic and Professional Institutions which shall be encouraged and supported in introducing courses aimed at improving Urban Management. Induction training for key policy makers and administrators on Urban Management shall be encouraged at all levels.

4.30 The implementation Plan shall comprise the following:

4.31 Strengthening the Centres of Excellence:

4.32 Thirteen Centres of Excellence have been established under CBULB within prestigious organisations such as the Indian Institutes of Technology at Chennai and Guwahati, the Indian Institute of Management at Bangalore, the Administrative Staff College of India etc. The centres are working in areas such as municipal service delivery, urban reforms, wastewater management, sustainable water management, climate change vulnerability and adaptation, integrated land use and water resource planning etc. Details are given in Annexure-A. The unique feature of the centres as approved by the Ministry of Urban Development is that the emphasis is on the field-to-lab approach rather than the lab-to-field

approach. Each of the centres is handholding specific cities in implementing projects that have already been identified. They will also carry out capacity building activities.

4.33 Strengthening of Network Institutions: At present, there are four organisations that are receiving non plan grants from the ministry. These include RCUES, Lucknow, AILSG, Mumbai, IIPA and RCUES, Hyderabad. It shall be endeavour of the Ministry to expand the network to all the ATIs, CoEs, and other expert organisations.

4.44 The National Institute of Urban Affairs of the Ministry will implement the Ministry's capacity building. It will also serve as a learning portal and provide a platform for facilitating cross learning amongst cities.

4.45 Collaboration with other Ministries engaged in similar activities: Ministry of Panchayati Raj and others carry out several programmes for capacity building that are relevant to Ministry of Urban Development. Attempt shall be made to achieve synergy with them to strengthen the supply side.

4.46 The activities to be supported under capacity building shall include

- (i) Urban Planning: Preparation of City Development plans/Structure plans, Socio-economic and environmental planning
- (ii) Project implementation and management
- (iii) Preparation of Detailed Project Reports
- (iv) Municipal service delivery including water supply, sewerage and sanitation, solid waste management
- (v) Financial management
- (vi) Cost Recovery and O&M/User Charges etc.
- (vii) Implementation of National Urban Sanitation Policy
- (viii) Implementation of municipal reforms including Property tax reforms, Accounting reforms-Governance and Encouraging PPP
- (ix) Communication and Outreach Activities
- (x) Monitoring and Evaluation
- (xi) Establishment of Centres of Excellence
- (xii) Implementation of Service Level Benchmarking
- (xiii) Implementation of Performance Improvement Plans
- (xiv) Preparation and implementation of ISIPs(Information System Improvement Plans)
- (xv) Energy Audit
- (xvi) Water Audit

4.47 The total outlay for the scheme is Rs 125 crores during the 11th plan period which will need to enhanced considerably. During the 12th plan, the focus of the scheme will be to strengthen the PHE training programme, emphasise training of elected representatives particularly women representatives, provide support to activities such as water and energy audit, master planning and regional planning, implementation of property title certification systems etc.

4.48 The National Building Construction Corporation and the CPWD will showcase important green construction technologies, construct model buildings having barrier free built environment, provision rain water harvesting and structural safety features for other agencies

to emulate. The CPWD shall also help prepare model Schedule of Rates incorporating items required for building green buildings.

4.49 The Central Public Health and Environmental Engineering Organisation will help the Ministry to prepare model projects for implementation as well as assist in capacity building and producing guidance on management of water, liquid and solid waste.

4.30 The Town and Country Planning Organisation will work for promotion of urban planning, regional planning and land use planning.

4.31 IMPLEMENTATION OF THE RECOMMENDATIONS OF THE 13TH FINANCE COMMISSION

4.32 The 13th Finance Commission has recommended switching over to a system for devolution of grants on a structured basis rather than adhoc basis. The grant will comprise a general basic component and a general performance component. The general basic grant will be fixed at 1.5% of the divisible pool and the general performance grant will be 0.5% in the year 2011-12 and increase to 1% in the next three years. While the general basic grant will be divided on the basis of criteria such as population, area, proportion of SCs/STs in the population etc, the general performance grant is linked to nine conditions that must be met by the end of a fiscal year for the state to be eligible for drawing its performance grants for the succeeding fiscal year. The conditions include an audit system for all local bodies, independent local body ombudsmen, electronic transfer of local body grants within five days of receipt from the central government, prescription of the qualifications of persons eligible for appointment as members of the SFC, enabling ULBs to levy property tax, establishment of a property tax board, disclosure of service standards proposed to be achieved by each ULB in respect of the water and sanitation sector etc. All the States need to comply with these conditions by 31st March 2011 to be eligible for performance grant during the year 2011-12. The Ministry of Urban Development intends to provide support to the states for implementing these recommendations.

4.33 Pooled Finance Development Fund Scheme

4.34 Majority of urban infrastructure projects currently being undertaken by the urban local bodies (ULBs) depend mostly on funds from Central Government, State Governments and some financial institutions like HUDCO. Direct access to capital markets is one of the options exercised by some of the ULBs in the country through issuance of Tax free Municipal Bonds. However, most of local bodies lack requisite capacities/expertise to prepare bankable urban infrastructure projects. Keeping this in view, Central Government set up a Pooled Finance Development Fund (PFDF) to provide credit enhancement to ULBs to access market borrowings based on their credit worthiness through State-Level-Pooled Finance Mechanism. The Central Government supports states through the PFDF. 5% of the central assistance is for project development and balance 95% is for contribution to the Credit Rating Enhancement Fund (CREF) to improve the credit rating of the Municipal Bonds to investment grade. The scheme has not been able to take off in a big way due to the prevailing market conditions, however there has been one issue by Tamilnadu which has been fully subscribed. Keeping in view the fact that the requirement of funds is much more than what can be made available through grants this window would be available to those who wish to access market borrowings.

4.35 The National Capital Region

4.36 Since the mid 1980's, the NCR in India has been a major driver of economic growth in India. The regional character of this modern growth process is not surprising and has been a defining feature nationally and internationally – the Shanghai region in China, the Gauteng region in South Africa, the Pune – Nasik belt in India. In the NCR, this growth has been driven by high rates of private investment (domestic and foreign) facilitated by the major structural reforms in the 1990's. Delhi is amongst the top two regions of India attracting highest FDI in the country.

4.37 The region has witnessed major trend changes in output composition (rising shares of manufacturing and service incomes), employment (shift away from agriculture) and land use. Further still, rapid growth has also generated huge demands on both environmental infrastructures as well as growth promoting infrastructure including connective infrastructure to promote regional integration. The supply of these public goods would need support both in the form of planning as well as financing ensuring that regional impacts of growth are maximised from the standpoint of competitiveness, environmental sustainability and using the advantage of agglomeration economies generated by Delhi to share the benefits of rising economic density more widely in the NCR. Further, since most of these infrastructure demands require coordination – wastewater does not have municipal boundaries – a regional approach is needed to minimise geographic and functional fragmentation. The NCRPB will work to create a model of regional planning and development for other regions to emulate.

4.38 Development of North Eastern States

4.39 The North Eastern States of the country including Sikkim face unique challenges in their development. According to Government Policy each Ministry of the Government of India has to earmark ten percent of its plan budget for the development of these states. The Ministry has a special window for these states called the 10 percent lump-sum scheme for infrastructure development in the North Eastern States. This window over the years has emerged as the major fund accessing window for these states as under the JNNURM / UIDSSMT access is limited on account of low population and poor capacity to undertake reforms. This window will be formalised into an umbrella scheme for urban infrastructure in the North East and will be expanded to provide for capacity building support including IEC and publicity.

4.40 North Eastern Region Urban Development Program(NERUDP).

4.41 This is an Asian Development Bank (ADB) assisted program to encourage development in the NE as well as increase support through multilateral agencies in the region. The program provides support for priority urban services viz. (i) Water Supply, (ii) Sewerage and Sanitation, and (iii) Solid Waste Management in the capital cities of 5 North Eastern States viz. Agartala (Tripura), Aizawl (Mizoram), Gangtok (Sikkim), Kohima (Nagaland) and Shillong (Meghalaya).

4.42 In addition, project Management and Capacity Development of the ULBs through institutional and financial reforms is another component of the proposed project so that the

ULBs become capable of planning and implementing infrastructure projects. The total cost of the program is USD 300 million and this program will continue to be a major program of the Ministry in the North Eastern Region.

4.43 Strengthening ULBs efforts to improve own resources

4.44 Keeping in view the fact that the resources required for urban development far out strip the requirements, it is important that a climate be created so that ULBs are encouraged to plan for improving collections from their own sources of revenue.

4.45 In order to encourage the ULBs to improve their own finances and provide incentives to those who actually implement these plans and show improvements in generating revenues at their level, the Ministry will explore setting up of a incentive-fund for assisting ULBs to prepare plans for improving finances. The cities which implement these plans and achieve significant results could receive further incentives for infrastructure projects.

Section-5: Linkage between Strategic Plan and RFD

5.1 The Results framework document for the Ministry has been designed to capture the outcomes of the strategic plan.

5.2 The first objective: *Facilitate creation of basic urban infrastructure relating to water supply, sanitation and urban transport to improve service levels and coverage by 2017* captures the results of the Ministry's interventions through various programs for augmenting urban infrastructure.

5.3 The second objective: *Creating enabling Policy environment for efficient and inclusive urban Governance* captures the results of the Ministries role in capturing outcomes of the infrastructure investments, creating awareness amongst public on urban issues; providing guidance on urban issues and facilitating implementation of policies.

5.4 The third objective: *Facilitate implementation of urban sector reforms under Jawaharlal Nehru national Urban Renewal Mission* captures the results of the Ministry's efforts towards ensuring implementation of the 74th amendment and making the towns self sustaining.

5.5 The fourth objective: *Capacity building of key stake holders including elected representatives for efficient urban management* captures the results of the Ministry's efforts towards enhancing the knowledge and skills of the officials of the urban Local Bodies for the efficient discharge of the functions assigned to them.

Section 6: Cross Departmental and Cross Functional Issues

6.1 The mandate of Ministry of Urban Development includes Town and Country Planning, Matters relating to Municipal Areas, Local Self-Government, Water Supply, Sewerage, Drainage and Sanitation as well as urban transport has been brought out earlier challenge of provision providing basic services in urban areas is unprecedented and requires synergy in action being supported by various Ministries and Departments as well as synergy in action of the Union Government and State Government.

6.2 The Ministry of Urban Development requires close coordination with the following Ministries:

1.	Ministry of Environment and Forests	Issues relating to Municipal Solid Waste are also addressed which has been brought out by MoUD CPCB empowers the State of implementation of the rules. The strategies also outline in the document can be well supported through coordination with Ministry of Environment in respect of solid waste management and liquid waste management.
2.	Ministry of Human Resource Development	In respect of sanitation there are many other Ministries which can play an important role have been supported by Ministry of HRD through proper changes in curriculum and emphasis on sanitation at various levels including project work. Significant progress has been made in this regard and this needs to be strengthened further.
3.	Ministry of Health and Family Welfare	Ministry of Health is a stake holder in sanitation and hygiene important for the well being of people. MoUD and Ministry of Health works towards to improve sanitation. Similarly National Health Mission proposed to be implemented through Ministry Housing and Urban Poverty Alleviation can be used for implementing improvements relating to water and sanitation.
4.	Ministry of Tourism	Improve facilities in cities is important for attracting tourists and, therefore, Ministry of Tourism is also stake holder in better development of cities.
5.	Ministry of Panchayati Raj	The issue of strengthening of decentralized, Government is supported by Ministry of Panchayati Raj and MoUD in respect of rural

		local bodies and urban local bodies respectively. The two ministries need to work closely to develop better coordination since many rural areas are in transition to urban areas. However, the capacity building funds under Ministry of Panchayati Raj can also be used for strengthening of urban local bodies in respect of backward district under BRGF(Backward Regions Grant Fund). For similar reasons there is a need for coordination between Ministry of Rural Development and MoUD so that areas under transition can benefit from long term planning.
6.	Ministry of Tribal Affairs	There are Ministry of Tribal Affairs is stake holder in respect of Schedule 5 and Schedule 6 areas and experience of the Ministry will be useful in strengthening and implementation of programme and policies.
7.	Ministry of Ocean Development	Ministry of Ocean Development can be an important stake holder for cities in the coastal areas and sensitive desalination technology.
8.	Ministry of Science and Technology	Department of Space of Ministry of Science Technology are important stake holders in implementation of GIS technology upgradation.
9.	Ministry of Commerce / Ministry of IT	Ministry of Commerce is implementing SEZ which has important ramification regarding development of new cities. Similarly the Minisry of IT is setting up IT cities in different parts. DIPP implementing to set up new cities and therefore the strategies outlined in the document can also be supported in their policy and programmes.
10.	Ministry of Finance	Department of Expenditure is an important stake holders in ensuring proper coordination in implementation of programmes like JNNURM.
11.	Ministry of External Affairs	Ministry of External Affairs is an another key Ministry in many bilateral and multilateral programmes requires guidelines and support of External Affairs.
12.	Ministry of Home Affairs	Similarly Ministry of Home Affairs is important since funds for cities in Union Territory is routed through that Ministry. In addition the

		Ministry of Home supports certain states through special grants and could be used to support the above strategy in urban areas covered under those grants.
13.	Ministry of Water Resources	Ministry of Water Resources has the overall mandate for management of water resources and activities of Ministry of Urban Development, Ministry of Water Resources needs synergies for water supply in cities.
14.	Ministry of Non-Conventional and Renewable Energy	Ministry of Non-Conventional and Renewable Energy has been running programmes of solar cities and other such technology which can improve sustenance, therefore, there are stake holder.
15.	Ministry of Social Justice	Ministry Social Justice has been mandated to remove manual scavenging and close coordination between MoUD and Ministry of social Justice would be required for achieving objective.
16.	Ministry of Development of the North Eastern Region	The Ministry of Development of the North Eastern Region supports a variety of projects in the North Eastern region and coordination with it can help to promote the urban strategy in the North East.

6.3 MoUD will facilitate coming together of all Ministries so that all the Ministries aware of our programmes and policies and development of their programmes to implement policies outlining in strategic document. Keeping in view the large number of Ministries and schemes involved, the Planning Commission could be a body that could house and support such an inter ministerial group. This group will meet at least twice a year.

6.4 In addition to constituting a pan ministerial group as outlined above, the Ministry has already constituted monitoring and review committees to oversee schemes with concerned stakeholder ministries on board. These committees would continue to work as before and address issues that cut across ministries.

7 Monitoring and review arrangements

7.1 Progress of the strategic plan will be monitored through a number of methods both qualitative and quantitative. Each year the service level benchmarks will be measured in the towns and the data obtained would provide information on the state of basic services in the town. This would provide a template for measuring improvement in the basic services arising out of implementation of projects being undertaken for augmentation or improvement of basic urban infrastructure. These will also highlight areas where attention is needed. An MIS will be created at the National Level for measuring and monitoring the state of services.

7.2 The Ministry will also obtain feed back through concurrent evaluations conducted through Independent Review and Monitoring Agencies and other evaluation organisations.

7.3 The reports from the above activities will be considered by the Monitoring and review committees that have been set up under various programs for necessary action. The achievements against the targets set in the Results framework document will be periodically reviewed to evaluate progress.