

# CHAPTER 9

## URBAN DEVELOPMENT

### 9.1 URBAN DEVELOPMENT

#### The Status of Urban Local Bodies

The Constitution (74th) Amendment Act, aims at reorganization of Urban Local Bodies (ULBs) into 'institutions of self-government' with adequate devolution of powers, well-defined and adequate sources of income and functional autonomy consistent with their elected representative status as well as higher level of accountability to the urban residents. Under its scheme municipal bodies surpass being mere providers of civic amenities to a much wider arena of action encompassing economic and social planning for the urban conglomeration. The challenge to be met in the Tenth Plan period is to assist these elected bodies to grow organically to fulfill the demands of urban residents for a quality of life in line with world standards.

#### The Urbanisation Scenario in India

2. The Provisional Census Data of the 2001 Census reveals several significant facets of urbanisation over the last decade. Of the 1.02 billion population, 285 million or 27.8 per cent live in the urban areas which comprise 5,161 towns, showing an increase of 2.1 per cent over the proportion of urban population in the 1991 Census.

3. Tamil Nadu is the most urbanised among the larger states with 43.9 per cent urban population, followed by Maharashtra with 42.4 per cent and Gujarat with 37.4 per cent. Among the larger states, Bihar has the lowest proportion of urban population (10.5 per cent), below Assam (12.7 per cent) and Orissa (14.9 per cent).

4. There are 35 Urban Agglomerations (UAs)/Cities with population of more than one million. About 37 per cent of the total urban population lives in the Million Plus UAs/Cities. In Maharashtra, West Bengal and Gujarat, more than half of the urban populations live in the Million Plus UAs/Cities. The overall rate of urbanization in the Census period 1991-2001 has been moderate.

#### Urban Governance

5. Good urban governance calls for adequate policy and legal frameworks, the existence of regulatory and planning authorities, human skills, a sound revenue base, modern accounting standards, and accountability to the people. Substantial work has already been done to upgrade the urban infrastructure; several parastatals & urban development authorities have acquired considerable skills in planning and executing projects. Programmes such as the Mega City project for five selected cities, the Integrated Development of Small and Medium Towns (IDSMT), and the Accelerated Urban Water Supply Programme (AUWSP) have shown varying

degrees of success in meeting some of the urban needs. The parastatals and development authorities are designed to play a supportive role to the elected bodies rather than taking over functions, which properly belong to the ULBs.

### **Sources of Urban Finances**

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

### **Broad-Based Reforms in the Urban Sector**

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

8. It is necessary to set in motion a strong impetus for planned and well managed urban growth which will lead to improvement resources collection of user charges and other tax, higher level of investment in better quality infrastructure, thus facilitating the growth process in economic activities. Meeting the needs of the urban poor is dependent on ULBs having more resources at their command. The specific impediments to urban growth, as well as the requisite policy reforms, have been broadly identified. Keeping the needs of reform in the urban sector in view, a new scheme of Additional Central Assistance in the form of incentives to States to undertake a package of reform measures, is being implemented under the title of the Urban Reforms Incentive Fund. The reform measures relate to repeal of the urban land ceiling legislation, reform of rent control, levy of user charges, improved implementation of property tax, upgradation of municipal accounting standards, lowering of high rates of stamp duty, and computerization of registration of property transactions, to be followed by further measures in land policy, municipal legislation, simplification of building regulations, and initiation of public private partnerships in provision of civic services.

### **Plan Assistance for Infrastructure**

9. Assistance from the Centre is an important addition to the resources applied for urban infrastructure upgradation. A larger degree of central assistance, including external assistance

routed through the Centre, as well as institutional finance from agencies like the Housing and Urban Development Corporation (HUDCO) to the ULBs would be necessary to take up a vigorous programme of upgradation of urban infrastructure and services. Availability of higher resources no doubt, would strengthen the elected ULBs, which are the legitimate institutions of governance at the local level. However, the assistance should be made conditional on implementation of sectoral reforms, particularly those relating to public private partnership in rendering of municipal services and the collection of appropriate user charges.

10. Urban infrastructure cannot be funded by budgetary support alone. Although market borrowings are not yet a viable source of financing for urban infrastructure in most instances, a beginning has to be made for building up the creditworthiness of ULBs. If this cannot be done for ULBs as a whole, then it should be attempted at least for individual sectors such as water supply, urban transport and other areas where user charges can be levied to recover operational costs and where the general resource position makes for it feasible to use debt funds to supplement grants or own resources for implementation of projects. Assistance should be provided from budgetary sources as well as from external funding agencies, to defray the costs of implementing reform measures. This will enable the utilities to improve their performance and their finances. A City Challenge Fund (CCF) was announced in the Union Budget 2002-03 and is in the process of being designed. Similarly, a scheme of credit enhancement and facilitation of pooling of financial needs of the smaller towns, will be taken up under the Pooled Finance Development Fund (PFDF).

#### **Review of Annual Plan 2002-03 and Provision for Annual Plan 2003-04**

11. An outlay of Rs 5354.29 crore comprising Rs 700.70 crores in the Central sector (excluding water supply and sanitation) and Rs 4653.59 crore in the State Sector had been provided for Urban Development schemes in the Annual Plan (2002-03). The provisional expenditure in the Central sector was reported to be Rs 1985.44 crore while the revised estimate in the State sector was Rs 4474.95 crore.

12. In the current year (2003-04), the outlay earmarked for Urban Development in the central sector is Rs 1443.75 crore. The plan proposals were reviewed in the background of performance achieved, major issues and thrust areas identified, policy decisions taken and strategies envisaged for the Tenth Five Year Plan period. In accordance with these, several schemes witnessed convergence, modification, reforms in terms of coverage, physical scope, institutional arrangement, financial mechanism, operational designs and monitoring arrangements.

13. It is essential that Infrastructure assistance through programmes like IDSMT should aim at clearing the backlog in terms of provision of water supply, sanitation, solid waste management, urban transport, etc. This assistance should be targeted to towns with low resource base but having to deal with problems of high rates of growth. In other words, planning and financial support would have to be targeted at reducing the growing disparities among urban centers in terms of provision of civic amenities. The IDSMT allocation for the Annual Plan, 2002-03 was Rs 105 crores against which an expenditure of Rs 86.43 crore was reported by the Ministry. For the Annual Plan, 2003-04, a provision of Rs 100 crore has been made under IDSMT.

14. It is a fact that urban scenario in terms of availability of infrastructure and services, varies widely across the country, between cities of different size classes, and within the cities among the localities meant for the better-off sections as against those where the poorer sections reside. The bigger cities have the advantage of institutional arrangements, which are closer to the needs, with a higher caliber of manpower and greater access to resources. In the hierarchy of cities, the Capital cities stand higher and get more attention, followed by other cities with greater economic activity, while the very small towns with extremely limited resources rarely see any improvement. The larger cities often have the capacity to raise resources from the market and from domestic as well as international funding agencies. Under the CSS of Mega City Scheme which is limited to the cities of Mumbai, Kolkata, Chennai, Hyderabad and Bangalore, the allocation for the Annual Plan, 2002-03 was Rs 125 crore against which an expenditure of Rs 119.90 crore has been reported by the Ministry. For the Annual Plan, 2003-04, a provision of Rs 120 crore has been made under the Mega City scheme.

15. The availability of comprehensive data about urban requirements, status of services etc. is recognized as one of the basic tools for urban city planning. The on-going Urban Mapping using GIS technology with layout of services, responsibility zones, and identified problem areas supplemented with high-resolution satellite imagery for ground level work on property listing for taxation purposes, as well as to monitor trends of urban growth especially in the peri-urban areas etc are expected to prove useful to planner and other agencies. The allocation under Urban Mapping (including for research in urban and regional planning) for the Annual Plan, 2002-03 was Rs 8 crores and an expenditure of Rs 1.5 crore has been reported. For the Annual Plan, 2003-04, a provision of Rs 1 crore has been made under this scheme.

16. The National Capital Region Planning Board (NCRPB) came into existence with dual objectives of reducing pressure of population in Delhi and to achieve harmonious development of the National Capital Region (NCR) comprising the three States of Haryana, Uttar Pradesh and Rajasthan. The NCRPB prepares the Master Plan for the region as well as finances projects, meant for urban infrastructure development. The allocation under Budgetary Support during, 2002-03 was Rs 55 crore which has been fully utilized. However, the achievement under IEBR, has been Rs. 872 crore against the target of Rs. 822.40 crore. For the Annual Plan (2003-04), provisions of Rs 50 crore under GBS and Rs.435 crore under IEBR have been made.

17. With an objective of providing urban reform linked assistance to the States, Government of India introduced Urban Reform Incentive Fund (URIF) during 2002-03, under which funds by way of ACA are being given to States/ UTs willing to undertake reforms in the sector on the basis of urban population. Under URIF, an allocation of Rs 500 crore was made during 2002-03 but Nil expenditure has been reported by the Ministry as none of the states entered into MOA with the Ministry. For the year 2003-04 also, a provision of Rs 500 crore has been made. During the current year it is expected that the states would utilize this amount after committing themselves for urban reforms.

18. Scheme-wise break-up of Outlays for Annual Plan (2002-03) and Annual Plan (2003-04) for Urban Development.(Excluding Urban Water Supply & Sanitation) is given in **Annexure - 9.1** and Details of Annual Plan (2002-03) w.r.t. Housing & Urban Development- State Sector are given in **Annexure – 9.3**.

## **URBAN POVERTY ALLEVIATION**

19. According to 55<sup>th</sup> Round of the NSSO using a 30-day recall period, 67.1 million or 23.62 percent of India's urban population were below the poverty line in 1999-2000 against 32.4 per cent in 1993-94. The absolute number of persons below the poverty line, which had all along been rising touching 76.3 million in 1993-94, has shown a reduction to 67.1 million.

20. Though, at the national level, the percentage of the poor in rural areas is significantly higher than in urban areas, only a few of the larger States conform to this pattern. States such as Andhra Pradesh, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Delhi and the Union Territory of Pondicherry have reported levels of urban poverty that are higher than rural poverty. Even where income levels are rising to meet the basic nutritional needs, other equally important needs of shelter, civic amenities, health care, educational and social needs, etc. are not being met in an adequate fashion. Urban poverty, thus, emerges as a more complex phenomenon than rural poverty.

21. The implementation of programmes for the urban poor is beset with enormous problems. The problem of inadequate funding has been compounded by under-utilisation of Central funds, diversion of funds released for specific programmes, and infructuous expenditure. There has been too much emphasis on engineering or the 'works' aspects of programmes without adequate understanding of the sociological, psychological and other dynamics of poverty. The beneficiaries have not been consulted nor given a voice in the implementation of programmes.

### **Slums**

22. According to the 2001 Census, there are 40.3 million persons living in slums in 607 towns/cities. There appears to be no change in the basic level or improvement in the features of slum settlements despite several decades of programmes for the environmental improvement and upgradation of slums. Absence of reliable basic survey data, information of status of services, absence of master plans and definite objectives of upgradation in schemes such as NSDP, multiplicity of agencies working without coordination, insufficient availability of land for housing needs of the urban poor, failure to provide facilities for street vendors and hawkers, etc., are some of the reasons for the persistence of unhappy features of urban poverty.

23. The method of slum improvement called 'in situ upgradation', needs to be practised on a much wider scale. The VAMBAY project permits in situ upgradation, and it is necessary that an early decision is taken regarding land on which slums are situated in order to facilitate upgradation.

### **Plan Assistance for Urban Pooors**

24. Various Central Government schemes like National Slum Development Programme (NSDP), Swarna Jayanti Shahri Rozgar Yojana (SJSRY), VAMBAY, Night Shelters, Two Million Housing Scheme provide for a wide range of services to the urban poor including slum-dwellers. They include identification of the urban poor, formation of community groups, involvement of Non-Government Organisations (NGOs), encouragement of self-help/thrift and credit activities,

organizing of training for livelihood, credit and subsidy for economic activities, improvement in housing, sanitation and environmental ambience, creation of community assets, wage employment and convergence of services, etc. It is, therefore, necessary to ensure that the task of meeting the needs of the slum-dwellers is better organised and effectively administered, and duly monitored at both State and Central levels.

#### **Review of Annual Plan 2002-03 and Provision for Annual Plan 2003-04**

25. Swarna Jayanti Shahari Rozgar Yojana (SJSRY) encourages setting up of self-employment enterprises and provision of wage employment to urban un-employed, under-employed, including women and children. It relies on creation of suitable community structures like Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs), Community Development Societies (CDS) etc. to provide supporting and facilitating mechanism for local development. There is an urgent need to expand the banking sector's role in providing credit support to the urban informal sector, especially the self-employed urban poor. Out of the earmarked outlay of Rs 105 crore under SJSRY, 100 per cent utilisation was reported for 2002-03. An allocation of Rs 94.50 Crore has been kept for the current year (2003-04) under this scheme.

26. Valmiki-Ambedkar Awas Yojana (VAMBAY) which was introduced in 2001-02, provides for a long-standing gap in programmes for slum-dwellers, namely, provision of a shelter or upgrading the existing shelter of people living below the poverty line in urban slums. Twenty per cent of the total allocation under VAMBAY is earmarked for sanitation and community toilets to be built for the urban poor and slum dwellers. The upper limit of Central subsidy under the scheme is Rs. 30,000 per unit in Delhi and the five mega cities, and Rs. 25,000 per unit in other million-plus cities, and Rs. 20,000 for all other cities and towns. The upper limit for upgradation of an existing unit is 50 per cent of the cost ceiling specified for the construction of a new house. The provisional expenditure under VAMBAY, for the year 2002-03, has been reported as Rs 218.35 crore against an approved allocation of Rs.256.85 crore. For the current year (2003-04), an outlay of Rs 238.50 crore has been provided.

27. National Slum Development Programme (NSDP) was introduced during 1996-97, with the objective of improving the living environment of slum dwellers, under which funds by way of ACA are being given to States, Union Territories on the basis of slum population. ACA under NSDP in Annual Plan 2002-03 amounted to Rs 365 crore; for the year 2003-04, the provision envisaged is also Rs 365 crore.

28. Shelter and Sanitation facilities for Footpath Dwellers in Urban Areas have been revised as 'Night Shelter for Urban Shelter-less'. The modified guidelines is now limited to construction of composite Night Shelters with community toilets and baths for urban shelter-less only. Since inception, HUDCO has sanctioned 113 schemes involving GOI subsidy of more than Rs. 30.00 crore. An outlay of Rs. 5.00 crore was provided for the Annual Plan 2002-03, of which Rs. 3.00 crore has been utilized. For the Annual Plan 2003-04, an outlay of Rs. 4.5 crore has been provided.

29. Scheme-wise outlays for Annual Plan (2003-04)- Urban Poverty Alleviation is given in **Annexure -9.2.**

## URBAN HOUSING

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

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

32. The National Agenda of Governance also emphasized that housing activity would be an engine for substantial generation of employment, and all legal and administrative impediments that stand in the way of vigorous housing activity should be removed. What is undisputed is that governmental initiatives – and its ‘facilitating role’ — have a significant impact on the provision of housing and the growth of the sector. These initiatives and interventions relate to legislations concerning ownership, transfers and development of land; stamp duty and registration laws; rent control legislation; tax policy particularly relating to housing loans; property and land tax laws; town planning law and its actual implementation, i.e., Comprehensive Development Plans, zoning regulations, land use change; and building bye-laws. It also covers urban development activities through parastatals and urban development authorities; sites and services schemes; slum policy; provision of urban infrastructure; urban transport policy and facilities; the institutions in the public sector relating to housing development and housing finance; and house construction in the public sector.

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

34. In order to increase the proportion of investment of household savings in the housing sector, as well as to provide houses to those who cannot as yet afford to have their own houses, there is a need to encourage the promotion of rental housing. This requires legislative changes in the existing rent control laws, something on which very little progress has been achieved.

35. The availability of land for housing purpose has been constrained due to restrictive provisions in many legislations such as the Land Revenue Act, the Land Reforms Act, the Urban Land (Ceiling and Regulation) Act (ULCRA), the Town Planning Act and the Urban Development Acts. Each of them has, often through its provisions, and equally through the manner in which they were implemented — created hurdles for legitimate transactions in land urgently required for expansion of the housing stock. The repeal of ULCRA was expected to ease the situation to some extent.

### **Institutional Financing of Housing**

36. The substantial thrust on housing laid by Government through the facilitating measures including Reserve Bank of India (RBI) regulations relating to priority sector lending, fiscal concessions and budgetary incentives have started to bear fruit. Institutional credit disbursements are being made through the 28 Housing Finance Institutions (HFIs) under the ambit of the National Housing Bank (NHB).

### **HUDCO**

37. HUDCO earmarks 55 per cent of its housing portfolio funds for the economically weaker sections (EWS) and low income groups (LIG), with differential interest rates, high loan component for lower cost units, and longer repayment period. Though its releases are somewhat less than sanctions, it is noteworthy that HUDCO has sanctioned 16 million urban housing units till December, 2002.

38. The other factor in HUDCO operations for the mass housing programmes is the dependence on State Government guarantees which disqualifies some states which have defaulted. Such states will need to take steps to fulfill their obligations under the guarantee. HUDCO is also a large player in retail lending for housing, and during 2002-03 from April to December had sanctioned a total loan amount of Rs. 12799 crore to 5.15 lakhs beneficiaries. During 2002-03, an amount of Rs.180 crore as equity was provided to HUDCO which was utilized fully. HUDCO also met the target of Rs.2606.50 crore under IEBR. For the Annual Plan 2003-04, a provision of Rs.215.60 crore has been made for providing equity support to HUDCO for Housing along with the target of Rs.3143 crore under IEBR.

39. In order to undertake housing programmes for the poorer sections, states must create an environment favouring loan-based house construction for the EWS categories, and strengthen the state-level machinery for lending and loan recovery operations. EWS housing in urban areas has long remained a neglected area in relation to the large unsatisfied demand, and in the absence effective arrangements in place for delivery of credit to and recovery mechanism from this section, states will find it difficult to sustain the programme for a long period. To ensure recovery of loans, conferment of ownership rights in the name of the beneficiary family (jointly in the names of wife and husband) could be made only after the entire loan is recovered, till which time the house may be held on a rental basis. To augment housing supply for the poor, there is also a need to enlarge private initiatives and expand the scope of public-private sector partnerships. While encouraging the development of new integrated townships through foreign direct investment/private entrepreneurship, there should be provision for earmarking a percentage of such housing for EWS/LIG households.



## Annexure-9.1

**Scheme-wise break-up of Outlays for Annual Plan (2003-04) -  
Urban Development ( Excluding Urban Water Supply & Sanitation) \***

(Rs. crore)

Sl No.	Scheme No.	Annual Plan (2001-02) Actual Expn	Annual Plan (02-03)		Annual Plan (2003-04) Outlay
			Outlay	Provisional Expenditure	
1	2	3	4	5	6
<b>A Urban Development</b>					
1	IDSMT	76.71	105.00	86.43	100.00
2	Mega City	115.34	125.00	119.90	120.00
3	NCR Planning Board	50.00	55.00	55.00	50.00
4	Urban Mapping	0.00			0.00
5	Research in Urban & Regional Plg.	4.00	8.00	1.50	1.00
<b>6 Urban Transport</b>					
	i) DMRC	165.00	172.00	172.00	190.00
	ii) Others	1.07	5.00	1.46	2.00
	iii) Land Acquisition/Sub Debt.	1.00	3.00	3.00	10.00
	iv) Pass Through Assistance from JBIC	783.35	1.00	1347.00	680.00
<b>7 Equity to HUDCO for Urban Infrastructure</b>					
8	Computerisation	1.17	3.00	3.00	0.00
9	Capacity Building for Urban Governance (UNDP Project)	1.07	1.20	1.15	0.00
<b>B Public Works</b>					
10	General Pool Residential Accomodation	68.34	90.00	89.00	93.00
11	CPWD Training Institute	8.47	3.00		2.75
12	General Pool Office Accomodation	17.45	25.00	24.00	21.00
13	Modernisation/Comut. of CPWD	0.00	3.00		3.00
14	North Estern Zone NBCC ( Equity)	0.00 8.35	4.00 0.00		0.00 0.00
<b>C New Schemes</b>					
21	Rejuvenation of Cultural Cities	0.00	1.00	0.00	0.00
22	National Urban Information System	0.00	0.50	0.00	5.00
23	Pooled Finance Development Fund	0.00	0.50	0.00	0.50
24	City Challenge Fund	0.00	0.50	0.00	0.50
<b>D N-E-Lump-sum Provision</b>					
25	<b>Total</b>	<b>1388.81</b>	<b>700.70</b>	<b>1985.44</b>	<b>1443.75</b>

\* Outlay for Urban Water Supply & Sanitation is included under Water Supply & Sanitation Division

## Annexure-9.2

**Scheme-wise break-up of Outlays for Annual Plan (2003-04) -  
Department of Urban Employment & Poverty Alleviation**

(Rs crore)

Sl No.	Scheme	Annual Plan (2001-02) Actual Expn	Annual Plan (02-03)		Annual Plan (2003-04) Outlay
			Outlay	Provisional Expenditure	
1	2	3	4	5	6
<b>A Centrally Sponsored Schemes</b>					
1	SJSRY	45.54	105.00	105.00	94.50
2	Valmiki Ambedkar Awaas Yojana	69.00	256.85	218.35	238.50
3	Night Shelter Scheme	4.44	5.00	3.00	4.50
4	Infrastructure facility in DP Colonies in West Bengal	6.30	8.03	0.00	6.00
<b>B Central Schemes</b>					
5	BMTPC	5.07	4.00	4.40	3.00
6	Building Centres	2.00	3.00	0.00	
7	Equity to HUDCO for Housing	155.00	180.00	180.00	215.60
8	Grants to NCHF	0.50	0.20	0.20	0.20
9	Urban Indicators	0.11	0.40	0.00	0.20
10	Others/ Natural Calamities	2.50	0.02	0.00	0
<b>C Lumpsum provision for N.E. Area</b>		<b>33.00</b>	<b>62.50</b>	<b>44.17</b>	<b>62.50</b>
<b>D Grand Total</b>		<b>323.46</b>	<b>625.00</b>	<b>555.12</b>	<b>625.00</b>

## Annual Plan (2003-04) Housing &amp; Urban Development- State Sector

(Rs crores)

S. No.	State	Annual Plan (2002-03)				Annual Plan (2003-04)	
		Housing		Urban Development		Housing	Urban Development
		Outlay	Revised Outlay	Outlay	Revised Outlay		
1	Andhra Pradesh	193.55	132.38	230.7	192.97		
2	Arunachal Pradesh	19.28	19.01	21.53	21.6		
3	Assam	3.76	3.76	18.43	18.43		
4	Bihar	193.14	13.11	57.33	36.53		
5	Chattisgarh	15.33	27.44	110.57	110.57		
6	Goa	7.93	7.93	32.91	32.91		
7	Gujarat	548.94	584.94	504.01	504.01		
8	Haryana	52.80	45.8	38.25	37.25		
9	Himachal Pradesh	67.02	81.33	23.88	61.85		
10	Jammu & Kashmir	3.41	3.41	43.22	43.22		
11	Jharkhand	46.00	46.00	190.00	190.00		
12	Karnataka	587.83	551.85	303.50	234.99		
13	Kerala	70.00	65.00	42.83	34.25		
14	Madhya Pradesh	172.28	134.23	172.50	190.53		
15	Maharashtra	179.07	179.07	542.84	492.85		
16	Manipur	15.36	16.56	16.74	16.74		
17	Meghalaya	11.75	8.28	32.40	10.07		
18	Mizoram	44.18	45.24	18.41	34.27		
19	Nagaland	33.28	42.65	8.94	9.32		
20	Orissa	58.25	74.26	23.07	25.7		
21	Punjab	0.17	0.17	60.01	60.01		
22	Rajasthan	141.09	142.84	554.23	637.7		
23	Sikkim	25.00	5.00	6.50	8.37		
24	Tamil Nadu	237.45	163.35	492.78	351.23		
25	Tripura	73.97	73.97	11.37	11.37		
26	Uttar Pradesh	60.37	5.32	223.47	190		
27	Uttaranchal	2.00	2.00	24.50	24.5		
28	West Bengal	40.86	15.36	250.48	251.34		
29	A&N Islands	14.65	14.65	13.65	13.65		
30	Chandigarh	6.15	6.15	43.66	43.66		
31	D&N Haveli	0.68	0.68	1.15	1.15		
32	Daman & Diu	0.48	0.54	1.08	1.08		
33	Delhi	32.00	34.41	536.65	551.65		
34	Lakshadweep	3.12	3.12	2.00	2.00		
35	Pondicherry	10.07	10.73	19.50	29.18		
	Total	2971.22	2560.54	4653.59	4474.95		

## **9.2 CIVIC AMENITIES IN URBAN AREAS**

### **9.2.1 URBAN WATER SUPPLY AND SANITATION**

The Tenth Five Year Plan envisages provision of safe drinking water on a sustainable basis to every settlement in the country and to take all possible measures for rapid expansion and improvement of sanitation facilities in the urban areas with local participation.

2. Whereas provision of safe drinking water and sanitation is a State subject and primary responsibility is of the State Governments, and more specifically the local bodies, the Central Government has been supplementing the efforts of the State Governments in the form of financial assistance and technical guidance. In so far as urban water supply is concerned, a modest Centrally Sponsored scheme viz., Accelerated Urban Water Supply Programme for small towns with population less than 20,000 (as per 1991 census) is under implementation by the Ministry of UD&PA since 1993-94. Similarly, a Centrally Sponsored Scheme of Urban Low Cost Sanitation for Liberation of Scavengers is also under implementation since 1990 with the primary objective of eliminating the obnoxious practice of manual handling of human excreta, through conversion of all the existing dry latrines into sanitary latrines. Under this scheme, "whole-town" approach is adopted and in the process, assistance is also provided for construction of new sanitary household/community latrines, where no toilet facility exists. Besides, the State Governments have also been putting in substantial plan allocations for urban water supply and sanitation schemes and significant institutional funding availed. However, the per capita unit costs of incremental water supply and modern underground sewerage schemes are very high and beyond the means of most of the urban local bodies/State Governments in their current financial status. More innovative "user-charges" and pricing principles, therefore, need to be adopted to enhance the financial viability of the Sector and permit resource mobilisation through institutional finance, market borrowing, private investment etc.

#### **Review of Annual Plan 2002-2003**

3. The Annual Plan 2002-2003 included an outlay of Rs. 199.30 crore in the Central Plan for urban water supply and sanitation sector. The revised outlay during the year was Rs. 148.75 crore, as can be seen in Annexure 9.2.1.

4. Under Centrally Sponsored Accelerated Urban Water Supply Programme (AUWSP), 883 projects costing Rs. 1143.57 crore have been approved on 50:50 matching basis between the Centre and the States up to 2002-2003, of which 223 projects costing Rs. 312.08 crore were approved during 2002-2003. The allocation for 2002-03 was Rs. 143.00 crore. The Government of India has so far released a cumulative amount of Rs. 482.52 crore, of which Rs 121.95 crore were released during 2002-2003 and States have released a total amount of Rs. 328.28 crore. Out of total available funds of Rs. 810.80 crore upto 2002-03 including States' share, an expenditure of Rs. 541.50 crore has been reported to have been incurred upto 31.3.03 on these schemes.

5. Under the Centrally Sponsored Scheme of "Low Cost Sanitation for Liberation of Scavengers", HUDCO sanctioned a total of 860 schemes covering 1495 towns from 1989-90

till March 31st 2003, costing Rs.1468.73 crore for conversion of 17.96 lakh individual dry latrines into sanitary latrines and construction of 18.69 lakh new individual sanitary latrines and 3966 community toilets in various States. The total cost of Rs.1468.73 crore of the sanctioned projects includes a component of Rs. 512.61 crore as the Central subsidy component, Rs.512.77 crore as HUDCO loan component and the balance Rs. 443.35 crore as beneficiaries' contribution. Against this, cumulative amounts of Rs. 259.52 crore as subsidy and Rs. 320.96 crore as loan have been released up to March 31st, 2003. These include Rs. 29.83 crore as subsidy and Rs. 6.17 crore as loan during 2002-2003. In so far as physical progress is concerned, a total of 15.46 lakh household sanitary latrines and 2998 community toilets have been completed. Besides, 1.08 lakh conversion and 1.85 lakh new construction of household latrines and 185 community toilets are in progress. In all, 37532 scavengers have been liberated and 387 towns declared scavenging-free. This is a demand driven scheme and not progressing well particularly due to very low priority given by the State Governments / Local bodies and people at large, besides some practical problems like lower unit cost, delay in obtaining State Governments' guarantee by the ULBs etc.

6. The Prime Minister in his independence Day Speech on 15.08.2002 announced that the Government will amalgamate all the different schemes presently being run by Ministry of Social Justice and Empowerment, Ministry of Rural Development and Ministry of Urban Development and Poverty Alleviation for speeding up the liberation and rehabilitation of scavengers. In pursuance of this, the Planning Commission has prepared a National Action Plan (NAP) for total eradication of manual scavenging by 2007. The NAP covers identification of scavengers and the existing dry latrines, adoption of the 1993 Act by States, involvement of NGOs, enhancement of subsidy component for BPL families in Low Cost Sanitation Programme, incentives etc. One of the recommendations of NAP with regard to transfer of scheme of Liberation and Rehabilitation of scavengers from Ministry of Social Justice to the Ministry of Urban Development & Poverty Alleviation has already been accepted.

#### **Annual Plan 2003-2004**

7. In keeping with the Tenth Plan objective, the Annual Plan 2003-2004 includes a large Plan Outlay under water supply and sanitation sector including Rs. 156.25 crore under Central Plan for urban water supply and sanitation, as can be seen in Annexure 9.2.1.

8. Rain Water Harvesting has been recognised as an important source of water, particularly in hilly regions of North-Eastern States, islands and water-stress areas. This will also help recharge the ground water aquifers and check the depleting ground water table, as also reduce severity of floods and quality problems of water, like fluoride, arsenic, salinity, etc. Concerted efforts, therefore, need to be made to construct rain water harvesting structures and conserve the rain water under/over the ground to help meet the water demand. Many states have made urban rain water harvesting compulsory.

#### **Urban Water Supply & Sanitation**

9. Due to rapid urbanisation and ever increasing population of the cities and towns, their demand for adequate drinking water supply and hygienic disposal of liquid and solid wastes is

assuming greater importance year after year. The service levels of water supply in most of the cities and towns are far below the desired norms; in some cases, particularly the smaller towns, even below the rural norms and therefore, augmentation of water supply systems is necessary. While the coverage of urban population by protected water supply is estimated as on 1-4-2000 to be around 89%, this however, does not truly reflect the poor service levels and deprivation of the poor, particularly those living in slums. Similarly, in the case of urban sanitation, though about 60% of the population is reported to have access to sanitary excreta disposal facilities, only 30% have access to sewerage system mostly in a few big cities, and the balance 30% is covered with low-cost sanitary latrines. Even where seweraged, the same are partial and without adequate treatment facilities in most of the cases. Slums are worst affected and mostly without basic environmental sanitation facilities.

10. In view of constraint on budgetary resources, it would be necessary, as envisaged in the Tenth Plan, that the Urban Water Supply and Sanitation Schemes should increasingly depend on institutional finance and the State budgetary support be provided adequately to meet the counterpart matching requirements of institutional finance. In so far as budgetary provisions are concerned, besides State Plan outlays, the Central Plan includes an outlay of Rs. 140 crore under the Centrally Sponsored Accelerated Urban Water Supply Programme for Small Towns with population less than 20,000 (as per 1991 census). The Operation and Maintenance and Management of Urban Water Supply Schemes have not been given due attention and in most of the cases, the revenue generation is much less than the actual cost of Operation and Maintenance. This calls for an urgent revision of water tariff and improvement of billing and collection mechanism. For externally aided projects, the donor invariably imposes conditions on tariff and post project maintenance. Unfortunately the AUWSP project has too small outlays to achieve similar objectives.

11. The coverage of urban population with sanitation facilities is rather slow. While sophisticated sewerage system and sewage-treatment facilities may be necessary in the case of metropolitan cities and a few important tourist/pilgrim centres and industrial cities/towns, the low-cost sanitation approach may have to be adopted in all other cases due to constraints on financial resources and other competing demands. Waste-water recycling after appropriate treatment for non-domestic uses in the water scarcity areas needs to be given due priority, if found techno-economically viable. This would save a large quantity of fresh water to be used for domestic purpose. The Ministry of Urban Development have formulated a Rs. 99.35 crore scheme for Solid Waste Management & Drainage in 10 selected Indian Air Force air field towns.

12. With a view to eradicate the most degrading practice of manual handling of night-soil completely in the country within a short time-frame, the Centrally Sponsored scheme of urban low cost sanitation for liberation of scavengers has been accorded a high priority during the Tenth Plan. The Annual Plan 2003-2004 includes Rs. 5 crore for this scheme under Central Plan. The Central legislation titled "The Employment of Manual Scavengers and Construction of dry Latrines (Prohibition) Act 1993" had already been passed by the Parliament and assented by the President in June, 1993. All the State Governments have been requested to adopt the Central legislation or enact State legislation in line with the Central legislation. In addition to Uts, 17 States viz. Andhra Pradesh, Goa, Karnataka, Maharashtra, Tripura, West Bengal, Orissa, Punjab, Assam, Haryana, Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, Tamil Nadu, Uttar

Pradesh and Gujarat have already adopted this legislation. However, the Act is yet to be enforced strictly in these States.

### **Externally Aided Water Supply & Sanitation Projects**

13. The World Bank is assisting various States in Water Supply and Sanitation Programme in urban areas. Currently 3 projects are under implementation. The disbursement budget estimate for 2003-2004 is about Rs. 143.41 crore, as can be seen in Annexure 9.2.2. Apart from these projects, several projects are also being funded by other External support Agencies like ADB, JBIC, KFW, EEC, DIFD, DANIDA, Netherlands etc.

### **9.2.2 URBAN TRANSPORT**

40. A good network of roads coupled with efficient mass urban transport system play a catalytic role in urban economic growth, with beneficial impact on the urban poor. Adequacy of transport network help in diversifying economic activities, increase in production and expansion of trade and commerce etc, thus contributing overall to per capita GDP growth. The only major programme in operation in this sector is the Delhi Mass Rapid Transit System (MRTS) with soft loan assistance from JBIC. The funds are made available to the DMRC (Delhi Metro Rail Corporation) as pass through assistance, which is included in the budgetary resources of the Ministry of Urban Development and Poverty Alleviation. The project is scheduled for completion in March, 2005. During the Annual Plan, 2002-03, Rs. 1 crore was kept as pass through assistance against which a provisional expenditure of Rs 1347 crore has been reported by the Ministry on the basis of supplementary provisions. During 2002-03, Rs 172 crore has been given to DMRC as equity support. For the Annual Plan (2003-04), pass through assistance from JBIC has been kept at Rs 680 crore and provisions of Rs 190 crore and Rs.10.00 crore have been made towards equity and subordinate debt respectively for DMRC.

## Annexure 9.2.1

## Urban Water Supply &amp; Sanitation – Central Plan Scheme-wise outlay / Expenditure

(Rs. Lakh)

Sl. No.	Scheme	2001-2002 Actual Expdr.	2002-2003		2003-04 Approved Outlay
			Approved Outlay	Revised Outlay	
	<b>M/o Urban Development &amp; Poverty Alleviation</b>				
1	Public Health Engineering Training Programme	0	130	130	125
2	Monitoring & Management Information System *	0	-	-	-
3	Research & Development *	0	-	-	-
4	Equity to HUDCO (WS Share)	2000	2000	2000	500
5	Centrally Sponsored Urban Low-Cost Sanitation Scheme for Liberation of Scavengers	1000	3000	500	500
6	Pilot Project on Solid waste management and drainage in few selected IAF air field towns in the country	0	500	50	500
7	Centrally Sponsored Accelerated Urban Water Supply Programme for small towns with population below 20,000 (as per 1991 Census)	2105	14300	12195	14000
8	Copunterpart fund for external assistance to HUDCO from OECF (Japan) *	0	-	-	-
9	Support to Water Supply Scheme of major cities facing acute water Shortage (Ganga Barage at Kanpur) *	3000	-	-	-
10	Special new scheme for Water Supply *	0	-	-	-
11	Special new scheme for Solid Waste Management and Sanitation *	0	-	-	-
	<b>Total (MoUD&amp;PA)</b>	8105	19930	14875	15625

\* This scheme has been weeded out in the Tenth Plan

Note: (i) The above mentioned figures do not include the funds released under the Non-Lapsable Central Pool of Resources for NE States and Sikkim.



Annexure 9.2.2

World Bank Assistance for Ongoing Urban Water Supply and Sanitation Projects

(Rs. Crore)

Sl. No.	Name of the Project	Name of State	Total Cost Of the Project	Terminal Date Of Disbursement	External Assistance (Loans)	
					Cumulative Drawl upto 31.3.2003	2003-2004 BE
1	Second Chennai Water Supply Project	Tamil Nadu	778.00	Mar-04	538.260	35.310
2	Mumbai Sewage Disposal Project	Maharashtra	1131.20	31-12-2003	678.560 (cumul.Expdr. upto 31.3.2003)	108.00
3	World Bank Aided Water Supply & Sewerage Project.	Punjab	1348.00	NA	-	0.100 (token provision)