

# CHAPTER 8

## Urban Development

### 8.1 URBAN DEVELOPMENT

#### 8.1. Urban Development

##### The Status of Urban Local Bodies

1. The sectoral content under Urban Development comprises a host of subjects like demography, land development, provision of basic physical infrastructure facilities, civic amenities, transportation etc. in cities and towns. The Seventy Fourth Constitutional Amendment Act, 1992 envisaged empowerment of Urban Local Bodies (ULBs) at the grass-root level to undertake developmental functions and assuring them of functional autonomy through constitutional/ legislative provisions such that they themselves are competent to generate adequate tax and non-tax revenue. 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. High priority has been accorded to development of urban infrastructure including water supply and sanitation in the Common Minimum Programme (CMP) of the Government.

##### Urban Governance :

2 The basic principle of urban governance could be summed up as performance in a democratic set up. It calls for adequate policy and legal framework, the existence of regulatory and planning authorities, human skills, a sound revenue base, modern accounting standards, accountability to the people etc. 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. 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. Programmes such as the Mega City project for five selected cities, the Integrated Development of Small and Medium Towns (IDSMT), etc. 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 the functions which properly belong to the ULBs.

##### Sources of Urban Finances

3. In order to help ULBs raise their own resources, the process of reform of the property tax system needs to be completed during the Tenth Plan period. Alternatives to the 'annual ratable value' are available in the form of area-based assessment and capital value-based assessment. These initiatives should be further refined to develop transparent and buoyant systems of assessment with total coverage of all properties in a city utilizing the self-assessment mode by the property owners as a useful instrument. 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 to access debt funds.

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

4. 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**

5. Though assistance from the Centre is an important addition to the resources invested for urban infrastructure upgradation, it cannot be funded by budgetary support alone. It is strongly anticipated that flow of assistance from centre, including external aid routed through the Centre, supplemented with mobilization of institutional finance, and now, Centre's new initiative in the form of conditional assistance through URIF etc. will not only strengthen the elected ULBs which are the legitimate institutions of governance at the local level, but also will bring time bound results. Although market borrowings are not yet a viable source of financing for urban infrastructure in most instances, a beginning could be made at least for individual sectors such as water supply, urban transport etc. where recovery of operational costs through levy of user charges would be possible and where the general resource position makes it feasible to use debt funds to supplement grants or own resources for implementation of projects, thereby build up the creditworthiness of ULBs. In addition, processing for designing of City Challenge Fund (CCF), Pooled Finance Development Fund (PFDF) aiming to strengthen credit enhancement, pooling of financial needs of the smaller towns, and National Urban Information System (NUIS) for generating an integrated database on Urban Sector under a single platform have been mooted.

### **Review of Annual Plan 2003-04 and Provision for Annual Plan 2004-05**

6. An outlay of Rs 6240 crore comprising Rs 1444 crore in the Central sector (excluding water supply and sanitation) and Rs 4796 crore in the State Sector had been provided for Urban Development schemes in the Annual Plan 2003-04 for urban development. The provisional expenditure in the Central sector was reported to be Rs 2391 crore while the revised estimate in the State sector was Rs. 479.4 crore.

7. In the current year 2004-05, the outlay earmarked for Urban Development in the central sector is Rs 1223.75 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.

8. It is essential that Infrastructure assistance through programmes like IDSMT would have to be targeted at reducing the growing disparities among urban centers, clearing the backlog in terms of provision of civic amenities, urban transport, etc. The IDSMT allocation for the Annual Plan, 2003-04 was Rs 100 crores against which a provisional expenditure of Rs 108.50 crore was reported by the Ministry. For the Annual Plan, 2004-05, a provision of Rs 200 crore has been made under IDSMT.

9. It is a fact that urban scenario in terms of availability of infrastructure and services, varies widely not only across the country, but also between cities of different sizes, and within the cities among the localities meant for the better-off sections as against those where the poorer sections reside. The bigger cities and cities with greater economic activity have the advantage of institutional arrangements which are closer to the needs, with a higher caliber of manpower and greater access to resources from the market and from domestic as well as international funding agencies. Under the Mega City Scheme, the allocation for the Annual Plan, 2003-04 was Rs 120 crore against which a provisional expenditure of Rs 196.67 crore has been reported by the Ministry. For the Annual Plan, 2004-05, a provision of Rs 220 crore has been made under the Mega City scheme.

10. 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 Research in Urban and Regional Planning for the Annual Plan, 2003-04 was Rs 1 crore and a provisional expenditure of Rs 0.93 crore has been reported. For the Annual Plan, 2004-05, a provision of Rs 1 crore has been made under this scheme.

11. 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, 2003-04 was Rs 50 crore against which Rs 52 crore was utilized. The IEBR was Rs.184 crore. For the Annual Plan 2004-05, provisions of Rs 55 crore under GBS and Rs.222 crore under IEBR have been made.

12. With an objective of providing urban reform linked assistance to the States, Government of India introduced Urban Reform Incentive Fund (URIF) during 2003-04, 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 2003-04 and an expenditure of Rs 238.35 crore has been reported by the Ministry. For the year 2004-05 also, a provision of Rs 500 crore has been made.

13. Scheme-wise break-up of Outlays for Annual Plan 2003-04 and Annual Plan 2004-05 for Urban Development.(Excluding Urban Water Supply & Sanitation) is given in Annexure-8.1.1 and State-wise details of Annual Plan, 2003-04 and w.r.t. 2004-05 Housing & Urban Development-State Sector are given in Annexure 8.1.3.

### 8.1.2 Urban Housing

14. Housing, an integral part of the construction industry, is a basic necessity as well as an important economic activity. 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.

15. 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. The degree of involvement of the Government and its agencies in meeting the housing needs may, in some instances, extend to house construction itself, driven by the needs of a given situation.

16. The National Agenda of Governance emphasized that housing activity would generate substantial employment, and all legal and administrative impediments that stand in the way of vigorous housing activity should be removed. The Government initiatives and interventions in its 'facilitating role' should address to legislations concerning ownership, transfers and development of land; stamp duty and registration, town planning laws; rent control legislation; tax policy particularly relating to housing loans; property/ land; their actual implementation, zoning regulations, land use change; building bye-laws; development activities through parastatals and Development authorities; sites and services; slum policy; provision of urban infrastructure; urban transport policy; the institutions in the public sector relating to housing development, housing finance; and house construction.

17. 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 an integrated 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 due 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, the urgency of which was intensified 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.

18. 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.

19. 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, a thing on which very little progress has been achieved.

## **Institutional Financing of Housing**

20. 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**

21. HUDCO has a mandate to earmark 55% 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. There have been mismatches between its releases and sanctions. HUDCO operations for the mass housing programmes is dependent on State Government guarantees and failure to fulfill their obligations under the guarantee disqualifies from availing it further. Such states will have to take corrective steps to overcome the situation. During 2003-04, an amount of Rs.215.60 crore as equity was provided to HUDCO which was utilized fully. However, HUDCO could raise Rs.3349 crore against the target of Rs. 3143 crore under IEBR. For the Annual Plan 2004-05, a provision of Rs.225 crore has been made for providing equity support to HUDCO for Housing along with the target of Rs 3740.40 crore under IEBR.

22. In order to undertake housing programmes to meet the demand of 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 and in the absence of 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 longer 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.

### **8.1.3 Urban Poverty Alleviation**

23. According to 55th Round (1999-2000) of the NSSO using a 30-day recall period, the number of persons living below the poverty line, which had all along been rising touching 76.3 million in 1993-94, has reduced to 67.1 million. At the national level, though, the percentage of the poor in rural areas is significantly higher than in urban areas, only a few of the larger States such as Andhra Pradesh, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Delhi and the Union Territory of Pondicherry conform to this pattern. 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.

24. 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 ethics of beneficiary participation in the implementation of programmes has still to pick up.

## **Slums**

25. According to the 2001 Census, there are 40.3 million persons living in slums in 607 towns/cities revealing 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 data, information on 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.

26. 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, involvement of Non-Government Organisations (NGOs), organisation 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 2003-04 and Provision for Annual Plan 2004-05**

27. 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. Out of the earmarked outlay of Rs 94.5 crore under SJSRY, Rs.101.81 crore has been utilized during 2003-04. An allocation of Rs 103.00 Crore has been kept for the current year 2004-05 under this scheme.

28. Introduced in 2001-02, VAMBAY bridges a long-standing gap in programmes for slum-dwellers, namely, provision of shelter or upgrading the existing shelter of people living below the poverty line. The programme permits in-situ upgradation, and it is necessary that land on which slums are situated are regulated in order to facilitate upgradation. 20% 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 2003-04, has been reported as Rs 238.55 crore against an approved allocation of Rs.238.50 crore. For the year 2004-05, an outlay of Rs 280.58 crore has been provided.

29. 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 2003-04 amounted to Rs 364 crore. For the year 2004-05, an outlay of Rs 700 crore has been provided

30. Shelter and Sanitation facilities for Footpath Dwellers in Urban Areas have been revised as 'Night Shelter for Urban Shelter-less'. The modified scheme is now limited to construction of composite Night Shelters with community toilets and baths for urban shelter-less only. An outlay of Rs. 4.50 crore was provided for the Annual Plan 2003-04, of which Rs. 4 crore has been reported utilized . For the Annual Plan 2004-05, an outlay of Rs. 4 crore has been provided.

Scheme-wise outlays for Annual Plans 2003-04 and (2004-05)- Urban Poverty Alleviation is given in Annexure -8.1.2.

## Annexure-8.1.1

**Scheme-wise break-up of Outlays for Annual Plans (2003-04) and (2004-05) -  
Urban Development ( Excluding Urban Water Supply & Sanitation) \***

(Rs. crore)

SI No.	Scheme	Annual Plan (2002-03)	Annual Plan (2003-04)		Annual Plan (2004-05)
		Actual Expn	Outlay	Provisional Expenditure	Outlay
1	2	3	4	5	6
A	Urban Development				
1	IDSMT	86.43	100.00	108.50	200.00
2	Mega City	119.92	120.00	196.67	220.00
3	NCR Planning Board	55.00	50.00	52.00	55.00
4	Urban Mapping	0.00	1.00	0.93	0.00
5	Research in Urban & Regional Plg.	1.15			1.00
6	Urban Transport				
	i) DMRC	172.00	190.00	337.30	200.00
	ii) Others	1.46	2.00	2.02	4.00
	iii) Land Acquisition/Sub Debt.	3.00	10.00	50.00	0.00
	iv) Pass Through Assistance from JBIC	1347.00	680.00	1430.00	280.00
7	Equity to HUDCO for Urban Infrastructure	5.00	5.00	5.00	5.00
8	Computerisation	2.98	0.00	0.00	0.00
9	Capacity Building for Urban Governance (UNDP Project)	1.15	0.00	0.00	0.00
B	Public Works				
10	General Pool Residential Accommodation	86.53	93.00	91.20	89.75
11	CPWD Training Institute	2.24	2.75	2.09	2.00
12	General Pool Office Accommodation	22.53	21.00	21.59	20.00
13	Modernisation/Comut. of CPWD	2.87	3.00	1.07	3.00
C	New Schemes				
14	National Urban Information System	0.40	5.00	0.65	5.00
15	Pooled Finance Development Fund	0.00	0.50	0.00	10.00
16	City Challenge Fund	0.00	0.50	0.00	10.00
17	Mission Mode on IT	0.00	0.00	0.00	5.00
D	N-E-Lump-sum Provision	76.00	160.00	91.64	114.00
	Total	1985.66	1443.75	2390.66	1223.75



## Annexure-8.1.2

**Scheme-wise break-up of Outlays for Annual Plan (2004-05)**  
**Department of Urban Employment & Poverty Alleviation ( excluding Urban Sanitation & Rehabilitation of Scavengers)\***

(Rs. crore)

SI No.	Scheme	Annual Plan (2002-03)	Annual Plan (2003-04)		Annual Plan (2004-05)
		Actual Expn	Outlay	Provisional Expenditure	Outlay
1	2	3	4	5	6
<b>A</b>	<b>Centrally Sponsored Schemes</b>				
1	SJSRY	103.42	94.50	101.81	103.00
2	Valmiki Ambedkar Awaas Yojana	218.35	238.50	238.55	280.58
3	Night Shelter Scheme	3.00	4.50	4.00	4.00
4	Infrastructure facility in DP Colonies in West Bengal	0.00	6.00	4.44	0.01
<b>B</b>	<b>Central Schemes</b>				
5	BMTPC	4.40	3.00	4.00	5.00
6	Equity to HUDCO for Housing	180.00	215.60	215.60	225.00
7	Grants to NCHF	0.22	0.20	0.22	0.40
8	Urban Indicators	0.14	0.20	0.11	0.01
<b>C</b>	<b>Lumpsum provision for N.E. Area</b>	<b>44.17</b>	<b>62.50</b>	51.00	83.00
<b>D</b>	<b>New Schemes</b>				
9	Resettlement of Slums at Dharavi, Mumbai	0.00	0.00	0.00	75.00
10	UNDP Assistance for National Strategy for Urban Poor	0.00	0.00	0.00	4.00
	<b>Total</b>	<b>553.70</b>	<b>625.00</b>	<b>615.73</b>	<b>780.00</b>

## Annexure-8.1.3

## Annual Plan (2003-04) and (2004-05) Housing &amp; Urban Development- State Sector

(Rs crores)

S. No.	State	Annual Plan (2003-04)				Annual Plan (2004-05)	
		Housing @		Urban Development		Housing @	Urban Development
		Outlay	Revised Outlay	Outlay	Revised Outlay		
1	Andhra Pradesh	262.73	391.49	200.53	366.40	426.42	469.57
2	Arunachal Pradesh	27.88	27.88	11.19	12.59	26.32	11.05
3	Assam	31.75	31.45	31.73	30.23	114.26	46.15
4	Bihar	193.63	74.02	36.67	26.47	346.72	43.11
5	Chattisgarh	27.82	27.82	115.42	57.76	33.89	64.65
6	Goa	4.29	4.09	43.05	26.37	2.61	48.10
7	Gujarat	599.24	563.32	523.01	278.31	752.16	322.05
8	Haryana	60.65	41.65	38.70	43.70	39.35	40.71
9	Himachal Pradesh	67.36	69.39	8.49	9.64	74.20	27.27
10	Jammu & Kashmir	2.50	2.50	37.59	34.64	3.00	38.15
11	Jharkhand	1.00	1.00	90.00	90.00	35.77	112.50
12	Karnataka	547.06	624.47	456.51	556.46	669.44	582.94
13	Kerala	80.10	71.57	291.50	239.70	85.62	285.61
14	Madhya Pradesh	139.25	27.23	165.46	208.53	58.34	142.80
15	Maharashtra	186.57	169.27	373.98	520.08	100.00	122.73
16	Manipur	22.35	22.35	17.75	17.75	24.85	70.09
17	Meghalaya	14.15	9.53	23.30	6.04	14.37	37.50
18	Mizoram	46.01	44.73	15.91	16.18	44.82	9.02
19	Nagaland	44.50	40.80	24.93	25.76	40.77	24.18
20	Orissa	54.33	56.21	66.96	23.33	72.47	18.55
21	Punjab	13.01	2.70	91.05	41.40	15.90	146.92
22	Rajasthan	145.13	154.26	638.89	720.14	156.00	239.40
23	Sikkim	32.20	11.70	7.96	8.46	12.20	11.00
24	Tamil Nadu	236.64	255.36	351.32	450.34	228.43	327.83
25	Tripura	33.07	40.96	14.48	13.33	35.65	12.82
26	Uttar Pradesh	143.78	128.11	127.55	127.55	144.40	141.74
27	Uttaranchal	10.50	10.72	16.05	16.05	16.40	19.66
28	West Bengal	10.23	7.11	336.69	175.24	25.41	479.27
29	A&N Islands	11.00	15.31	15.75	16.10	11.55	16.08
30	Chandigarh	4.94	4.94	43.86	43.86	8.45	33.90
31	D&N Haveli	0.70	0.70	1.20	1.20	1.11	1.35
32	Daman & Diu	0.86	0.76	1.08	1.08	0.87	1.08
33	Delhi	21.95	10.18	552.00	564.84	19.91	569.60
34	Lashadweep	4.17	3.00	1.36	1.34	3.76	3.00
35	Pondicherry	15.77	27.26	23.88	23.64	62.75	31.08
	<b>Total</b>	<b>3097.12</b>	<b>2964.06</b>	<b>4795.79</b>	<b>4794.45</b>	<b>3709.26</b>	<b>5251.48</b>
	%age to Total		2.91		4.71	2.99	4.23

@ including Indira Awas Yojana (IAY)

## **8.2 CIVIC AMENITIES IN URBAN AREAS**

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

1. 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 with local participation.

2. National Common Minimum Programme recommends to lay highest priority to the development and expansion of physical infrastructure of water supply, sewage treatment and sanitation. Providing drinking water to all sections in urban and rural areas and augmenting availability of drinking water sources has been identified as an issue of top priority. To put an end to the acute drinking water shortage in cities specially in the southern-states, it also recommends that desalination plants will be installed all along the Coromandel Coast starting with Chennai.

#### **Review of Annual Plan 2003-2004.**

3. The Annual Plan 2003-2004 included an outlay of Rs. 196.25 crore in the Central Plan for urban water supply and sanitation sector. The release during the year was Rs. 176.63 crore , as can be seen in Annexure 8.2.1.

4. Under Centrally Sponsored Accelerated Urban Water Supply Programme (AUWSP), 1037 projects costing Rs. 1397.83 crore have been approved on 50:50 matching basis between the Centre and the State up to 2003-2004, of which 154 projects costing Rs 249.88 crore were approved during 2003-2004. The allocation for 2003-04 was Rs. 140.00 crore. The Government of India has so far released a cumulative amount of Rs. 622.52 crore and States have released a total amount of Rs. 428.77 crore. Out of total available funds of Rs. 1051.29 crore upto 2003-04 including State's share, an expenditure of Rs. 726.04 crore has been reported to have been incurred so far on these schemes. Schemes in 365 towns have been commissioned/ partially commissioned upto 31-3-2004.

5. 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. This programme is funded through a mix of Central subsidy, HUDCO loan and beneficiaries' contribution. This programme is basically meant for EWS class, for which the funding pattern is 45 % subsidy, 50% loan and 5 % beneficiary's contribution. For LIG, funding pattern is 25:60:15. 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, some have already adopted this legislation. However, the Act is yet to be enforced strictly in these States. Under the scheme, HUDCO sanctioned a total of 866 schemes covering 1534 towns from 1989-90 till March 31st 2004, costing Rs.2043.26 crore for conversion of 18.92 lakh individual dry latrines into sanitary latrines and construction of 32.77 lakh new individual sanitary latrines and 3966 community toilets in various States. The total cost of Rs.2043.26 crore of the sanctioned projects includes a component of Rs. 568.48 crore as the Central subsidy component, Rs.775.02 crore as HUDCO loan component and the balance Rs. 699.76 crore as beneficiaries' contribution. Against this, cumulative amounts of Rs. 298.53 crore as subsidy have been released up to March 31st, 2004.

These include Rs. 11.26 crore as subsidy during 2003-2004. In so far as physical progress is concerned, a total of 17.30 lakh household sanitary latrines are completed and 3.12 lakh conversion/ construction of household sanitary latrines are in progress. Total no. of 38097 scavengers have been liberated and 586 towns declared scavenging-free. This is a demand driven scheme and not progressing well particularly due to very low priority given by the State Government / Local bodies and people at large, besides some practical problems like lower cost per unit, delay in obtaining State Government's guarantee by the ULBs, lack of water to operate flush toilets, etc.

6. The National Scheme of Liberation and Rehabilitation of Scavengers has been transferred to the Deptt. Of UEPA from the Ministry of Social Justice & Empowerment during the financial year 2003-04. The objective of the scheme was to provide alternative and dignified occupations to the scavengers and their dependents liberated from the hereditary inhuman occupation of manually removing night soil. An allocation of Rs. 40 crore was made in Annual Plan 2003-04, against which total expenditure of Rs. 24.27 crore has been reported i.e. 60 % only.

### **Annual Plan 2004-2005**

7. In keeping with the Tenth Plan objective, the Annual Plan 2004-2005 includes a large Plan Outlay under water supply and sanitation sector including Rs. 247.50 crore under Central Plan for urban water supply and sanitation, as can be seen in Annexure 8.2.1

8. Urban Water Supply and Sanitation is being handled mostly under the State sector, except for the Centrally Sponsored Schemes viz Accelerated Urban Water Supply Programme (AUWSP) and Integrated Low Cost Sanitation Scheme (ILCS), which have limited scopes of covering only small towns with population less than 20,000 and construction of low cost household sanitary latrines respectively. Regarding setting up of 300 mld desalination plant in Chennai, a project concept paper has been prepared by Government of Tamil Nadu. The cost of the plant inclusive of captive power plant, transmission lines etc has been worked out as Rs. 1750 crore. For 2004-05, Rs. 5 crore has been provided for preparation of Detailed Project Report. The modalities of funding the project are yet to be finalised. The proposed water tariff is Rs. 45 per Kilo litre.

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 63% 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 33% 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 the 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. 151.25 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 outlays of the AUWSP project are 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. The Annual Plan 2004-2005 includes Rs. 30 crore under the Central Plan for Centrally sponsored scheme of urban low cost sanitation for liberation of scavengers.

13. Following the announcement made by the Prime Minister in his Independence Day address on 15-08-2002, the PMO had made Planning Commission responsible for preparing a unified scheme for speeding up the liberation and rehabilitation of manual scavenging including identification of nodal agency. As a follow up of this the "National Action Plan for total eradication of manual scavenging by 2007" has been drawn up by the Planning Commission which has been approved by the committee of Secretaries. For the effective monitoring of the National Action Plan, a Central Monitoring Committee has been constituted under the chairmanship of Secretary, M/o Social Justice & Empowerment. The first and second meetings of the Central Monitoring Committee were held on 28-11-2003 and 26-07-2004 respectively.

## **8.2.2 Urban Transport**

1. 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. Formulation of National Urban Transport Policy is underway. 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, 2006. During the Annual Plan, 2003-04, Rs. 680 crore was kept as pass through assistance against which a provisional expenditure of Rs 1430 crore has been reported by the Ministry. During 2003-04, Rs 190 crore has been given to DMRC as equity support. For the Annual Plan 2004-05, the pass through assistance from JBIC has been kept at Rs 280 crore and provisions of Rs 200 crore have been made towards equity to DMRC.

## **Externally Aided Projects**

2. The objectives of externally aided projects are to strengthen the institutional and financing capabilities of the local/ State Government besides aiming to promote equity in services for the very poor, and enhancing urban environment. It may be desirable that the lending agency promote leveraging approach. It is also important to identify the most appropriate use of external funding for the sector. A few externally aided projects encompassing urban infrastructure development, poverty alleviation and housing sectors are being implemented in States like Tamil Nadu, West Bengal, Rajasthan, Maharashtra, Karnataka, Andhra Pradesh etc. Major central sector externally aided project is the Delhi Mass Rapid Transit System (MRTS) with soft loan assistance from JBIC.

## Annexure 8.2.1

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

(Rs. Lakh)

Sl. No.	Scheme	2002-2003 Release	2003-04		2004-05 Approved Outlay
			Approved Outlay	Revised Outlay/ Releases	
	M/o Urban Development & Poverty Alleviation				
1.	Public	103	125	157	125
2.	Equity to HUDCO (WS Share)	2000	500	500	500
3.	Pilot Project on Solid waste management and drainage in few selected IAF air field towns in the country	0	500	99	4000
4.	Centrally Sponsored Accelerated Urban Water Supply Programme for small towns with population below 20,000 (as per 1991 Census)	12195	14000	14000	15125
5.	Centrally Sponsored Urban Low-Cost sanitation Scheme for Liberation of Scavengers	480	500	480	3000
6.	National Scheme of Liberation and Rehabilitation of Scavengers	4095	4000	2427	2000
	Total (MouD & PA)	18873	19625	17663	24750

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.