JNANURAM

A

Compendium



Indian Audit and Accounts Department

Regional Training Institute,

Kolkata

March 2008

A Compendium on Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

Regional Training Institute, Kolkata
Indian Audit and Accounts Department

This is a training document for internal circulation purposes.

Foreword

As a component of its designated Centre of Excellence activities in the audit of local bodies, RTI Kolkata has compiled a collection of reading material on the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). This compendium is in the nature of an introduction to various facets of the scheme including the changes that have taken place since the inception of the scheme in 2005.

JNNURM is a flagship scheme for urban governance, with national focus, and with the context of rapid urbanisation in India as an immediate backdrop. While India would have close to one third of the world's 30 fastest growing cities; and an exponential increase of half a billion in urban population in another 25 years, public service delivery and infrastructural capacities in urban agglomerations have often lagged behind.

This compendium therefore seeks to delineate the key thrust areas of JNNURM including:

1. (a) Scheme Objectives
   (b) Reforms Matrix including-
      i. State Level Mandatory Reforms
      ii. Municipal Level Mandatory Reforms
      iii. Optional Reforms
2. Modified Guidelines with effect from 2006
3. Reforms Check List
4. Monitoring and Review Framework including:
   (a) Toolkits for Appointment of Independent Review and Monitoring Agencies For Projects
   (b) Prescribed Format of Quarterly Reports
   (c) Reports on Progress at City Level
5. City Development Plan Frameworks of Chennai, Delhi, Mumbai and Bangalore
6. Frequently Asked Questions (FAQ's)
7. Case Study on 'Reforming Delivery of Urban Services in Developing Countries- Evidence from a Case Study in India' by Kala Seetharam Sridhar
8. Selected References.
9. Annexures.

It is hoped that this compendium is of utility in updating the knowledge base on the subject and in indicating potential areas of audit focus.

Sayantani Jafa
Principal Director

Introduction:

Cities in the developing world in general are undergoing major demographic transition under collective challenges from globalization and pressures of economic-liberalisation. India, like many such developing countries has been experiencing stable but challenging processes of transition; especially with changes in the drivers of urbanization. While the immediate post-1947 era saw major patterns of population movement from rural to urban areas, recent decades of economic liberalisation and reform have presaged enormous growth in the size of urban agglomerations; as well as a severe pressure on the provision of public goods and services in urban areas.

Host to about 30 per cent of the country's population, Indian cities contribute 50-55 per cent of the Gross Domestic Product (GDP). At the same time, most cities and towns are severely stressed in terms of infrastructure and service availability, and their growth and development is constrained by a host of bottlenecks and obstacles.

Urban governance overall has therefore in a nut-shell been confronted with the following key challenges:-

(i) Maintaining the quality and quantity of public goods and services delivery in view of burgeoning demographic pressures.

(ii) Efficient resource generation for increasing the capacity of such goods and services delivery to cope with a sheer increase in population.

(iii) Spatial and functional re-organisation necessitated by economic liberalization and globalisation processes.

(iv) Maintaining transparency and accountability in public expenditure systems owing to the increasing role of citizens' groups and other stakeholders of civil society in demanding user-friendly service delivery.

(v) The requirement for a social security net and sustainable as well as inclusive development to cater especially to the needs of vulnerable and marginalized groups of the urban population.

This forms the back-drop to the launch of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) on 3rd December, 2005 for a seven-year period beginning 2005-06. It envisages urban renewal projects in a mission mode approach.

The JNNURM consists of two sub-missions: the Urban Infrastructure and Governance and the Basic Services to the Urban Poor. It presumes that in order to make cities work efficiently and equitably, it is essential to create incentives and support urban reforms at state

and city levels; develop appropriate enabling and regulatory frameworks; enhance the creditworthiness of municipalities; and integrate the poor with the service delivery system.

The objectives of the JNNURM are to:

(a) give focused attention to integrated development of infrastructure services in 63 selected cities;

(b) establish linkages between asset creation and asset management through reforms needed for long term sustainability;

(c) ensure adequate funds to meet the deficiencies in urban infrastructural services and accelerate the flow of investment into urban infrastructure services;

(d) achieve planned development of cities including peri-urban areas, outgrowths and urban corridors;

(e) scale up civic amenities and provision of utilities;

(f) put special focus on urban renewal of old inner city areas;

(g) provide basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply, and sanitation, and

(h) ensuring delivery of other existing universal services of the government for education, health and social security.

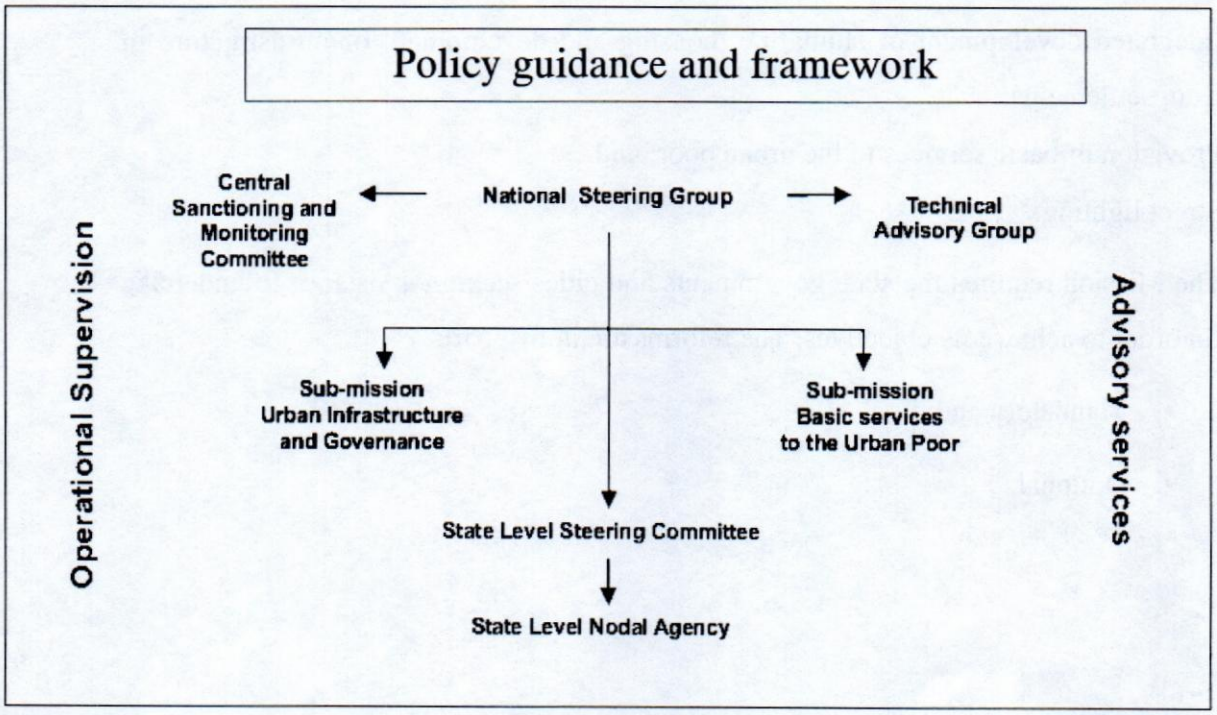
The selected cities are one million plus cities, state capitals and places of historical, religious, or tourist importance. The Sub-missions on Urban Infrastructure and Governance, administered by the Ministry of Urban Development is charged with infrastructure projects relating to water supply and sanitation, sewerage, solid waste management, road network, urban transport and redevelopment of old city areas. The Sub-mission on Basic Services to the Urban Poor, administered by the Ministry of Urban Employment and Poverty Alleviation has been entrusted with integrated development of slums through projects for providing shelter, basic services, and other related civic amenities.

The JNNURM is an ambitious programme to bring about urban renewal in the country. Critical to its success would be the drawing up of comprehensive City Development Plans, leveraging of funds obtained by way of grants from the central government to mobilize resources from the market and implementation of the reform programme so that close monitoring of progress in implementation is already in position and mid course corrections can be made where necessary. The mandatory reform requirements have been designed to ensure that the Urban Local Bodies (ULBs) function democratically and become financially strong on a sustainable basis. It would be therefore be particularly necessary to ensure that there is no dilution in these reform requirements.

Institutional Framework

The JNNURM functions under the overall guidance and supervision of a National Steering Group (NSG). It is chaired by the Minister of Urban Development and co-chaired by the Minister of State for Urban Employment and Poverty Alleviation respectively. The NSG sets policies for implementation, monitor and review progress, and suggests correctives where necessary. The NSG is supported by a Technical Advisory Group (TAG) whose task is to appraise proposals and a Central Sanctioning and Monitoring Committee which is responsible for further appraising and sanctioning proposals.

At the state level, the JNNURM is co-coordinated by the State Level Steering Committees. It is to be headed by the Chief Ministers and the State Level Steering Committees review and prioritise proposals for inclusion in the JNNURM. The State Level Committees are supported by nodal agencies who will invite project proposals, appraise them, and manage and monitor the JNNURM.



Source : **http://jnnurm.nic.in**

Appraisal and Sanction of Proposals

The JNNURM is designed to support:

- Water supply including setting up of desalination plants;
- Sewerage and sanitation;
- Solid waste management including hospital waste management;
- Construction and improvement of drains and storm-water drainage system;
- Road network;
- Urban transport;
- Construction and development of bus and truck terminals;
- Renewal and re-development of inner city areas;
- Development of heritage areas;
- Preservation of water bodies;
- Integrated development of slums, i.e. housing and development of infrastructure in slum settlements;
- Provision of basic services to the urban poor; and
- Street lighting.

The Mission requires the state governments and cities seeking assistance to undertake reforms in order to achieve its objectives. The reforms are in two parts:

- Mandatory and
- Optional.

Modified Guidelines

In September 2006, for Projects of JNNURM on Urban Infrastructure & Governance the Ministry of Urban Affairs, Government of India had modified the earlier Guidelines in many respects: These are:

Mission Statement

Reforms driven, fast track, planned development of identified cities with focus on efficiency in urban infrastructure/services delivery mechanism, community participation and accountability of Urban Local Bodies (ULBs)/Parastatals towards citizen.

Mission Strategy

i. Planned urban perspective frameworks for a period of 20-25 years (with 5 yearly updates) indicating policies, programmes and strategies of meeting fund requirements would be prepared by every identified city. This perspective plan would be followed by preparation of Development Plans integrating land use with services, urban transport and environment management for every five year plan period.

ii. Cities / Urban Agglomerations/Parastatals will be required to prepare Detailed Project Reports for undertaking projects under identified areas.

iii. Private Sector Participation in development, management and financing of Urban Infrastructure would be clearly delineated.

iv. Funds for the identified cities would be released to the designated State Nodal Agency, which in turn would leverage, to the extent feasible, additional resources from the financial institutions/private sector/capital market.

v. Funds from Central and State Government will flow directly to the nodal agency designated by the State, as grant. The nodal agency will disburse central assistance to ULBs or parastatal agencies as the case may be, as soft loan or grant-cum-loan or grant.

vi. A revolving fund will be created to meet the operation and maintenance costs of the assets created under the Mission.

Duration of the Mission

The duration of the Mission would be seven years beginning from 2005-06. During this period, the Mission will seek to ensure sustainable development of select cities. An evaluation of the experience of implementation of the Mission would be undertaken before the commencement of Eleventh Five Year Plan and if necessary, the programme calibrated suitably.

Mission Components

Admissible Components - Projects pertaining to the following will be admissible under the Sub-Mission on Urban Infrastructure and Governance.

i. Urban Renewal i.e redevelopment of inner (old) city areas this would include items like widening of narrow streets, shifting of industrial/commercial establishments from non-conforming to `conforming' areas to reduce congestion, replacement of old and worn-out water pipes by new/higher capacity ones, renewal of sewerage/drainage/solid waste disposal systems, etc.

ii. Water Supply (including de-salination plants) and Sanitation

iii. Sewerage and Solid Waste Management

iv. Construction and Improvement of drains/storm water drains

v. Urban Transport, including roads, highways/expressways/ MRTS/metro projects.

vi. Parking lots/spaces on Public Private Partnership basis

vii. Development of Heritage areas

viii. Prevention & Rehabilitation of soil erosion/landslides only in case of Special Category States where such problems are common and

ix. Preservation of water bodies.

NOTE: Land cost will not be financed except for acquisition of private land for schemes/ projects in the North Eastern States & hilly States viz Himachal Pradesh, Uttaranchal and Jammu & Kashmir.

Inadmissible Components –

Projects pertaining to the following will not be admissible under the Sub-Mission

1. Power
2. Telecom
3. Health
4. Education
5. Wage employment programme & staff component

Mission Coverage

Keeping in view the paucity of resources and administrative constraints in taking up all cities and towns under this intensive urban infrastructure improvement programme, it is suggested that under JNNURM only selected cities/Urban Agglomerations (UAs) as per 2001 Census will be taken up, as per norms/criteria mentioned below:

Cities/UAs with 4 million plus population as per 2001 census	07
Cities/UAs with 1 million plus but less than 4 million population as per 2001 Census	28
Selected Cities/UAs (State Capitals and other cities/UAs of religious/historic and touristic importance)	28

Toolkits and Guidelines

- Toolkit for Appointment of Independent Review and Monitoring Agencies for projects
- Additional Toolkits
- JNNURM Heritage toolkit
- New Reforms checklist
- JNNURM Toolkit for DPRs

Community Participation Fund

- CPF Toolkit
- Appraisal Checklist for the Approved Projects under Community Participation Fund
- Sample Proposals

Data Requirements for Mission Cities

- Download DPR Data Entry format for Implementation and DPR Appraisal Agencies
- JNNURM Quarterly Progress Report Guidelines and Progress Reporting Format
- Agenda for JNNURM Progress Review by Secretary (UD)
- Performance Assessment of Cities

Sanction of Project and Release of Funds

- Requirements for Release of 2nd Installment Fund Sanctioned under JNNURM
- ACA released by the Ministry of Finance for Sub- Mission on Urban Infrastructure & Governance under JNNURM
- Reconstitution of the Central Sanctioning Monitoring Committee (CSMC) in the Ministry
- Minutes of the CSMC (JNNURM) Meetings
- Requirements for Release of 2nd Installment of Funds Sanctioned under JNNURM
- Convening of Review and CSMC Meetings under JNNURM by MoUD and MoHUPA
- Central Sanctioning and Monitoring Committee (CSMC) powers to recommend projects for sanctioning enhanced to Rs. 500 Crore

Technical Advisory Group (TAG)

- TAG Meeting Minutes
- TAG's City interactions in Ahmedabad - A Report
- Madurai Regional Workshop Report
- Jaipur City TAG Workshop Report

Capacity Building Initiatives

- Peer Experience and Reflective Learning (PEARL)
- Schedule of training programmes on JNNURM for municipal officers organized by NIUA

Model Laws

- Model Municipal Disclosure Bill
- Model Nagara Raj Bill

Other Initiatives and Miscellaneous

- Credit Rating for ULBs'
- CRISIL Awards: Reforms for Real Change MoUD Partners with CRISIL
- GOs issued by States under JNNURM
- Empanelment of Consultants for preparation of Detailed Project Reports under JNNURM

URBAN REFORMS

The main thrust of the revised strategy of urban renewal is to ensure improvement in urban governance so that Urban Local Bodies (ULBs) and parastatal agencies become financially sound with enhanced credit rating and ability to access market capital for undertaking new programmes and expansion of services. In this improved environment, public-private participation models for provisioning of various services would also become feasible. To achieve this objective, State Governments, Urban Local Bodies and parastatal agencies will be required to accept implementation of an agenda of reforms. The proposed reforms shall broadly fall into two categories:-

i. Mandatory reforms

ii. Optional reforms

MANDATORY REFORMS

There will be two sets of mandatory reforms. Core reforms at ULB/Parastatal level aims at process re-engineering through deployment of technology to enable more efficient, reliable, timely services in a transparent manner. The other set of reforms are frameworks related at State level.

Urban Local Body / Parastatal level Reforms

- Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies/Parastatals
- Introduction of system of e-governance using IT applications like, GIS and MIS for various services provided by ULBs/Parastatals.
- Reform of property tax with GIS, so that it becomes major source of revenue for Urban Local Bodies (ULBs) and arrangements for its effective implementation so that collection efficiency reaches at least 85% within next seven years.
- Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance or recurring cost is collected within next seven years. However, cities/towns in North East and other special category States may recover at least 50% of operation & maintenance charges initially. These cities/towns should graduate to full O&M cost recovery in a phased manner.
- Internal earmarking within local body, budgets for basic services to the urban poor.
- Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuing delivery of other already existing universal services of the Government for education, health and social security.

State Level Reforms

- Implementation of decentralization measures as envisaged in 74th Constitution Amendment Act. States should ensure meaningful association/engagement of ULBs in planning function of para-statals as well as delivery of services to the citizens.
- Repeal of Urban Land Ceiling and Regulation Act.
- Reform of Rent Control Laws balancing the interests of landlords and tenants.
- Rationalisation of Stamp Duty to bring it down to no more than 5% within next seven years.
- Enactment of Public Disclosure Law to ensure preparation of medium-term fiscal plan of ULBs/Parastatals and release of quarterly performance information to all stakeholders.
- Enactment of Community Participation Law to institutionalize citizen participation and introducing the concept of Area Sabha in urban areas.
- Assigning or associating elected ULBs with "city planning function". Over a period of seven years, transferring all special agencies that deliver civic services in urban areas to ULBs and creating accountability platforms for all urban civic service providers in transition.

OPTIONAL REFORMS (Common to State and ULBs/Parastatals)

- Revision of bye-laws to streamline the approval process for construction of buildings, development of sites etc.
- Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.
- Introduction of Property Title Certification System in ULBs.
- Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross subsidization.
- Introduction of computerized process of registration of land and property.
- Revision of bye-laws to make rain water harvesting mandatory in all buildings and adoption of water conservation measures.
- Bye-laws for reuse of recycled water.
- Administrative reforms i.e. reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.
- Structural reforms
- Encouraging Public Private Partnership

Check list of Reforms:

- Ensuring Basic Services To Urban Poor- JNNURM
- Property Tax
- Implementation of the Constitution 74th Amendment Act
- City Planning Functions
- Community Participation Law
- E-Governance
- Municipal Accounting
- Public Disclosure Law
- Rent Control
- Rationalisation of Stamp Duty
- Repeal of Urban Land Ceiling and Regulation Act
- Internal Earmarking For Basic Services For Poor
- User Charges

Prescribed Formats of few of the Check Lists are enclosed in the subsequent pages along with an indication of potential areas of audit focus.

CHECKLIST OF REFORMS
IMPLEMENTATIONOF THE CONSTITUTION 74TH AMENDMENT ACT

Salient Features for Audit: a) Status of implementation of the Act including issues of Municipal composition, reservations and formation of various Committees may be reviewed to see how actively the organization is preparing itself to perform its tasks.

b) It may be verified how many functions under Schedule 12 have been incorporated into the State Municipal Act and transferred to Urban Local Bodies. This enactment may be instrumental in realizing revenues, if any and also can streamline the processes.

c) Transfer of functions along with transfer of officials and staff may be checked to see whether proper deployment of officials and staff has been made.

d) Time line indicated by municipalities for different reforms may be checked to see whether these have been adhered to.

e) Similar exercise may be done to check the transfer of functions under Schedule 12 to Urban Local Bodies.

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in implementing the 74th Amendment of the Constitution, with the objective of implementing decentralisation measures. The State should ensure meaningful association and engagement of Urban Local Bodies in planning the function of parastatal agencies as well as the delivery of services to the citizens.

1. CURRENT STATUS
   a. Please indicate the status of implementation of the following as per the Act:
      i. Constitution of municipalities — Yes ☐ No ☐
      ii. Composition of municipal councils — Yes ☐ No ☐
      iii. Reservation of seats for women, SCs and STs — Yes ☐ No ☐
      iv. Constitution of District Planning Committees (DPCs) — Yes ☐ No ☐

v. Constitution of Metropolitan Planning Committee (MPCs) Yes ☐ No ☐

vi. Incorporation of Schedule 12 into the State Municipal Act Yes ☐ No ☐

b. Please indicate which of the functions of Schedule 12 have been incorporated into the State Municipal Act and transferred to ULBs:

No.	Functions listed in 12th Schedule	Yes	No
1	Urban Planning including town planning		
2	Regulation of land-use and construction of buildings		
3	Planning for economic and social development		
4	Roads and bridges		
5	Water supply- domestic, industrial and commercial		
6	Public health, sanitation, conservancy and SWM		
7	Fire services		
8	Urban forestry, protection of environment and ecology		
9	Safeguarding the interests of weaker sections society including the handicapped and mentally retarded		
10	Slum improvement and upgradation		
11	Urban poverty alleviation		
12	Provision of urban amenities and facilities- parks, gardens and playgrounds		
13	Promotion of cultural, educational, and aesthetic aspects		
14	Burials and burial grounds, cremations, cremation grounds and electric crematoriums		
15	Cattle pounds, prevention of cruelty to animals		
16	Vital statistics including registration of births and deaths		
17	Public amenities including street lighting, parking lots, bus stops and public conveniences		
18	Regulation of slaughter houses and tanneries		

d. Please indicate whether the transfer of functions has been accompanied by transfer of staff. Yes ☐ No ☐

e. If the DPC/MPC has been constituted, please attach a copy of the Act.

i. If the DPC/MPC has not been constituted, has the legislative process for their constitution been initiated? Yes ☐ No ☐

f. Please indicate the status of SFC- have they been constituted? When was the last SFC constituted?

g. Please indicate whether SFCs submitted their recommendations. Yes ☐ No ☐
If yes, what is the status of implementation?

2. **TIMELINE FOR REFORMS**

a. Resolution by Government expressing commitment to implement the 74th Amendment Act (Note: This resolution should be passed within 6 months of signing of MOA under JNNURM and a copy submitted to MOUD.)

b. . If elections to the municipality have not been held, please indicate when this will be held.

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

c. Please provide a time schedule for transferring the Schedule 12 functions to ULB

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

d. If the answer to 1(e) (i) is no, then please provide a time schedule for constituting the DPC/MPC

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

e. Please provide timetable for constitution of SFC and implementation its recommendation

f. Please provide timeline in years of when you plan to complete the following with respect to each of the function.

CHECKLIST OF REFORMS
CITY PLANNING FUNCTIONS

Salient Features for Audit: a) Status of the city planning functions may be verified to see whether the concerned ULB is associated with this, whether the plans are formulated according to City Development Plan.

b) The master plan is to be approved by the ULB and also is to be in agreement with the decision of the Metropolitan Planning Committee. This may be looked into.

c) Agencies responsible for different services like Water Supply and Sewerage, Public Transport and Solid Waste Management and terms of contract in these areas may be studied.

d) If ULB is not the agency for the above services the timeline for transfer of the services to ULB may be checked and it is to be seen whether the same has been adhered to.

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in the area of city planning, with an objective to assign or associate elected ULBs with "city planning functions". Over a period of seven years, the Mission aims to ensure that all special agencies that deliver civil services in urban areas to ULBs are transferred and accountability platforms are created for all urban civic service providers in transition.

2. CURRENT STATUS

a. Please indicate whether the ULB has been associated with city planning functions Yes ☐ No ☐

b. If a parastatal has been involved with city planning, please indicate whether it has been involved with the formulation of the City Development Plan (CDP) Yes ☐ No ☐

c. Please indicate whether the master plan/CDP has been approved by the municipality/ULB Yes ☐ No ☐

d. Please indicate whether the city planning has been in accordance with the Metropolitan Planning Committee (MPC)/ District Planning Committee (DPC) Yes ☐ No ☐

e. Please state which agency is responsible for the provision of water supply and sewerage services :

i. Urban local body (ULB) ☐

ii. City-based special-purpose agency ☐

iii. State-level special-purpose agency ☐

iv. Any other (If so, please specify) ☐

f. Please state which agency is responsible for the provision of public transport services :

i. Urban local body (ULB) ☐

ii. City-based special-purpose agency ☐

iii. State-level special-purpose agency ☐

iv. Any other (If so, please specify) ☐

g. Please state which agency is responsible for the provision of Solid Waste Management (SWM) services:

i. Urban local body (ULB) ☐

ii. City-based special-purpose agency ☐

iii. State-level special-purpose agency ☐

iv. Any other (If so, please specify) ☐

3. TIMELINE FOR REFORMS

a. Resolution by Government expressing commitment to transferring **responsibility** of the delivery of municipal services to the ULBs. (Note: This can be done by way of unbundling of services. E.g. parastatals or others may operate, maintain, even own and collect user charges for the production and distribution facilities for these municipal services, so long as they are accountable to ULBs. Service levels should be fixed by ULBs. The ULBs shall ensure the delivery of services at the defined level by the service provider/s through the mechanism of contractual arrangement. This is consistent with the reform being required in the 74th Amendment)

Note: *Master Plan/ CDP can be prepared by professional body but in consultation and requires final approval of ULB. If the answer to (d) is no, please indicate a timeline of when the city planning will be in accordance with the MPC/DPC*

b. Please indicate timeline for transfer of the following functions in months/years:

Function	**Gov. Resolution**	**Cabinet Approval**	**Amendment of State/Municipalities Act**	**Implementation**
City Planning				
Water Supply & Sewerage				
Public Transport				
Solid Waste Management				
Other (Please specify)				

c. Any other reform steps being undertaken (please use additional space to specify)

CHECKLIST OF REFORMS
MUNICIPAL ACCOUNTING

Salient Features for Audit: a) Current status of Municipal Accounting may be checked to see whether the modern accounting system based on double-entry accrual principles have been implemented.

b) The year of adoption, audit and publication may be noted to observe the progress of implementation of the above accounting system.

c) Audit may check whether the municipality had drawn up its own accounting manual or National Municipal Accounting Manual with or without modifications and records are maintained accordingly.

d) It may also be seen whether any modifications had been made in the existing appropriate laws and regulations in order to comply with the double-entry accrual principles.

e) The date of such modifications may be noted before checking the concerned records.

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in Municipal Accounting, with the objective of having a modern accounting system based on double-entry accrual principles, leading to better financial management, transparency and self-reliance.

4. CURRENT STATUS

a. Please provide a short note on the present method of accounting being followed in your city

b. Please provide the status of completion and adoption of accounts, and if they have been audited and published in the last 3 years

Year	Adopted	Audited	Published
2002-2003			
2003-2004			
2004-2005			

c. Please state whether State/city has drawn up its own accounting manual Yes ☐ No ☐

d. Please state whether State/city has adopted NMAM

i. without modifications ☐

ii. with modifications. ☐

If NMAM has been adopted with modifications, please state these:

e. Please state whether State has modified its current appropriate laws and regulations to be in compliance with the double-entry accrual principles. If yes, please provide date of such modification.

Yes	No	Date
☐	☐	☐

f. If applicable, please provide current status of implementation of double-entry accrual system.

5. TIMELINE FOR ACTION ON REFORMS

a. Resolution by Government expressing commitment to establish modern municipal accounting system. (Note: This resolution should be passed within 6 months of signing of MOA under JNNURM and a copy submitted to MOUD.)

GO/Legislation/Modification of rules for migrating to double-entry

b. Appointment of consultants for development of State manual

(either based on NMAM or independently)

Year1 Year2 Year3 Year4 Year5 Year6 Year7

c. Completion and adoption of manual

Year1 Year2 Year3 Year4 Year5 Year6 Year7

d. Commence training of personnel

Year1 Year2 Year3 Year4 Year5 Year6 Year7

e. Appointment of field-level consultant for implementation at the city-level

Year1 Year2 Year3 Year4 Year5 Year6 Year7

f. Notification of cut-off date for migrating to the double-entry accounting system

Year1 Year2 Year3 Year4 Year5 Year6 Year7

g. Buisiness Process Re-engineering (if required)

Year1 Year2 Year3 Year4 Year5 Year6 Year7

h. Valuation of assets and liabilities

Year1 Year2 Year3 Year4 Year5 Year6 Year7

i. Drawing up of opening balance sheet (OBS):

i. Provisional OBS

Year1 Year2 Year3 Year4 Year5 Year6 Year7

ii. Adoption of provisional OBS

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

iii. Finalisation of OBS

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

j. Full migration to double-entry accounting system

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

k. Production of financial statements (income-expenditure accounts and balance sheet)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

l. Audit of financial statements

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

m. Adoption of accounts

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

n. Preparation of outcome budget

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

o. Complete re-vamp of the Public Financial Management (PFM) cycle, which includes internal controls

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

p. Credit rating of ULB/parastatal (if required)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

q. Any other reform steps being undertaken (please use additional space to specify)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

Salient Features for Audit: a) Audit should check when the current Stamp Duty Regime including surcharge on transfer of property was given effect to and whether the same is duly implemented.

b) The concessions given to particular classes or individuals may be studied to verify if any deviations from norms exist.

c) It may be verified that the higher of the 'Standard Guidance Value' and 'Declared Value' is taken as the basis of collection of Stamp Duty.

d) In the context of rationalization of Stamp Duty, it may be seen what time limit has been given to reduce Stamp Duty rate down to 5% and whether this has been adhered to.

e) Whether any other reforms have been conceived and implemented.

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities to rationalise Stamp Duty, with the objective of establishing an efficient real estate market with minimum barriers on transfer of property so as to be put into more productive use.

6. **CURRENT STATUS**

a. Please indicate the current Stamp Duty Regime, including surcharge or any other levy on transfer of property

b. Please indicate when the stamp duty rate was last revised and by what percentage.

c. Please indicate whether any concessions to particular classes of individuals or institutions are being provided

Type of Concession	Qualifying Institution/Individual

(Please add additional rows if necessary)

d. Please provide the total collection from Stamp Duty over the last 5 years

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005

e. Please indicate the basis of collection of Stamp Duty, i.e.

i. Declared Value ☐

ii. Higher of the Standard Guidance Value/ Declared Value ☐

iii. Any other method (please specify) ☐

f. Please indicate the use of technology in the following:

i. Maintenance of records

ii. Maintenance of guidance values

7. TIMELINE FOR REFORMS

a. Resolution by Government expressing commitment to reduce Stamp Duty to 5% (or less than 5% if the State so desires) within Mission period. The resolution should provide the timetable for reducing the Stamp Duty in a phased manner, i.e. year-wise (Note: This resolution should be passed within 6 months of signing of MOA under JNNURM and a copy submitted to MOUD.)

b. Fix the periodicity for revising the guidance value for levy of Stamp Duty

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

c. Indicate the time-table for reducing the stamp duty rate to 5%

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

d. Any other reform steps being undertaken (please use additional space to specify

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

CHECKLIST OF REFORMS
PROPERTY TAX

Salient Features for Audit: a) Audit may observe whether Property tax is being collected in the following 3 categories i) Residential ii) Commercial iii) Industrial.

b) The basis of collection of Property Tax may be seen as to whether it is self-assessed or demand based.

c) The current coverage ratio, which is obtained by dividing 'Number of properties paying property tax' by 'Estimated number of properties', may be looked into to find the achievement.

d) Types of exemption and their revenue implications may be viewed to see whether the same are strictly adhered to.

e) It may be observed which technology is being followed for management of Property Tax among i) GIS of property tax ii) Electronic Database of Property records iii) Any other software. Audit procedure may be determined after familiarization with the software.

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in Property Taxes, with the broad objective of establishing a simple, transparent, non-discretionary and equitable property tax regime that encourages voluntary compliance. States/cities need to ensure that their desirable objectives for reforms include these reforms, but need not restrict themselves to these items

8. CURRENT STATUS
   a. Please indicate if Property tax is currently levied on the following types of properties:
      i. Residential ☐
      ii. Commercial ☐
      iii. Industrial ☐

   b. Please indicate the Amount of property tax being collected for year-ending 2004-05
      i. Residential ☐
      ii. Commercial ☐
      iii. Industrial ☐

c. Please provide the Method of Property Tax Assessment being followed
(Give short note, if necessary)

i. Self-assessment ☐
ii. Demand-based ☐

d. Please provide the below information on Current coverage

No.	Type of Property	Estimated no. of properties	No. of properties in the records of the municipality	No. of properties paying property tax	Coverage ratio (4) / (2)	Demand raised	Demand collected	Collection Ratio
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential							
2	Commercial							
3	Industrial							

e. Please list the Exemptions given to property owners

No.	Type of Exemption	Qualifying institution/ individual	Revenue implication of exemption
1			
2			
3			
4			

(please use additional rows if necessary)

f. Please provide the Basis of determination of property tax
i. Capital value ☐
ii. Rateable value ☐
iii. Unit Area ☐
iv. Other (please specify) ☐

g. Please provide the Use of technology in property tax management
i. GIS of property records ☐
ii. Electronic database of property records ☐
iii. Any software for compliance ☐

h. Please describe the Level of discretionary power available with assessing authority

i. Please provide the last updation of property records and guidance values

i. Last updation of property records

ii. Last revision of guidance values

iii. Frequency of revision of guidance values

iv. Please indicate whether information from appropriate authorities on new building construction, or additions to existing buildings is being captured; if so, how (e.g. development authority etc) Yes ☐ No ☐

v. Please indicate whether information from appropriate authorities on change of ownership and land valuation is being captured; if so, how (e.g. Dept of Stamps and Registration) Yes ☐ No ☐

9. TIMELINE FOR ACTION ON REFORMS

Please provide timelines for the following action items:

a. Extension of property tax regime to all properties

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

b. Elimination of exemptions

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

c. Migration to Self-Assessment System of Property Taxation

i. Setting up a Committee/Team to draft/amend legislation — Year1 Year2 Year3 Year4 Year5 Year6 Year7

ii. Stakeholder consultations — Year1 Year2 Year3 Year4 Year5 Year6 Year7

iii. Preparation of Draft legislation — Year1 Year2 Year3 Year4 Year5 Year6 Year7

iv. Approval of the Cabinet/ Government — Year1 Year2 Year3 Year4 Year5 Year6 Year7

v. Final enactment of the legislation by Legislature — Year1 Year2 Year3 Year4 Year5 Year6 Year7

vi. Notification — Year1 Year2 Year3 Year4 Year5 Year6 Year7

vii. Preparation and notification of appropriate subordinate legislation — Year1 Year2 Year3 Year4 Year5 Year6 Year7

viii. Implementation by municipality (ies) — Year1 Year2 Year3 Year4 Year5 Year6 Year7

d. Setting up a non-discretionary method for determination of property tax (e.g. unit area, etc) — Year1 Year2 Year3 Year4 Year5 Year6 Year7
(Sub-Steps (i) to (viii) given in para(c) above may be repeated for this step also)

e. Use of GIS-based property tax system

i. Selection of appropriate consultant — Year1 Year2 Year3 Year4 Year5 Year6 Year7

ii. Preparation of digital property maps for municipality — Year1 Year2 Year3 Year4 Year5 Year6 Year7

iii. Verification of digital maps and preparation of complete data-base of of properties — Year1 Year2 Year3 Year4 Year5 Year6 Year7

iv. Full migration to GIS system — Year1 Year2 Year3 Year4 Year5 Year6 Year7

f. Next revision of guidance values — Year1 Year2 Year3 Year4 Year5 Year6 Year7

g. Fix periodicity for revision of guidance values

i. Periodicity to be adopted — Year1 Year2 Year3 Year4 Year5 Year6 Year7

ii. Deadline for adoption — Year1 Year2 Year3 Year4 Year5 Year6 Year7

h. Establish Taxpayer education programme

i. Local camps for clarification of doubts and assistance in filling out forms — Year1 Year2 Year3 Year4 Year5 Year6 Year7

ii. Setting up a website for property tax issues/ FAQs etc — Year1 Year2 Year3 Year4 Year5 Year6 Year7

i. Establish Dispute resolution mechanism

Year1	Year2	Year3	Year4	Year5	Year6	Year7

j. Rewarding and acknowledging honest and prompt taxpayers

Year1	Year2	Year3	Year4	Year5	Year6	Year7

k. Achievement of 85% Coverage Ratio (see item 1d above)
(Specify target for each year of mission)

Year1	Year2	Year3	Year4	Year5	Year6	Year7

l. Achievement of 90% Collection Ratio (see item 1d above)
(Specify target for each year of mission)

Year1	Year2	Year3	Year4	Year5	Year6	Year7

CHECKLIST OF REFORMS
RENT CONTROL

Salient Features for Audit: a) Audit should see the basis of fixing of Standard Rents, whether the same is based on Model Rent Control Legislation circulated by the Government of India or adopted with modifications.

b) Number of properties under Rent Control Act may be noted to review the recovery.

c) Audit should also see whether there are any special provisions for weaker sections of society and the same is being adhered to.

d) Progress in establishing new Rent Control legislation may be noted to check the adherence to the time-schedules.

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in Rent Control, with the objective of having a system that balances the rights and obligations of landlords and tenants to encourage construction and development of more housing stock, as well as promoting an efficient and robust rental/tenancy market, so as to improve the availability of housing across all income categories.

10. CURRENT STATUS
    a. Please provide a short note on the present Rent Control Legislation, which provides the following details:
        i. rights of landlord to get possession back
        ii. rights of tenants to continue their tenancy
        iii. obligations of tenants with regard to regular rental payments/ maintenance of tenanted property/ adherence to lease agreements, if present
        iv. provision for periodic review of rentals, in accordance with market conditions
        v. fixing of Standard Rents, periodicity of review, and dispute resolution mechanisms

    b. Please indicate whether you have adopted the Model Rent Control Legislation circulated by GOI:

        i. Adopted as is — Yes ☐ No ☐

        ii. Adopted with modifications. If so, please specify — Yes ☐ No ☐

c. Please indicate the number of properties under Rent Control Act

d. Please indicate whether Rent Control Act applies to new construction & new tenancies Yes No

e. Please indicate whether there are any special provisions for weaker sections of society Yes No

f. Please indicate the number of rent control cases pending in various courts related to NURM cities

g. Please indicate the annual trend in new cases being filed related to rent control 2002-03 2003-04 2004-05 2005-06

h. Is there any mechanism for providing guidelines to fix rents on the basis of market rates for existing tenancies Yes No
(if yes, please provide a brief description below)

11. TIMELINE FOR REFORMS

a. Resolution by Government expressing commitment to establish new Rent Control system (Note: This resolution should be passed within 6 months of signing of MOA under JNNURM and a copy submitted to MOUD.)

b. Defining the Rights and Obligations of landlords and tenants Year1 Year2 Year3 Year4 Year5 Year6 Year7

i. rights of landlord to get possession back
ii. rights of tenants to continue their tenancy

iii. obligations of tenants with regard to regular rental payments/ maintenance of tenanted property/ adherence to lease agreements, if present
iv. provision for periodic review of rentals, in accordance with market conditions

c. Establishing a new Rent Control legislation

i. Setting up a Committee/Team to draft/amend legislation — Year1 Year2 Year3 Year4 Year5 Year6 Year7

ii. Stakeholder consultations — Year1 Year2 Year3 Year4 Year5 Year6 Year7

iii. Preparation of Draft legislation — Year1 Year2 Year3 Year4 Year5 Year6 Year7

iv. Approval of the Cabinet/ Government — Year1 Year2 Year3 Year4 Year5 Year6 Year7

v. Final enactment of the legislation by Legislature — Year1 Year2 Year3 Year4 Year5 Year6 Year7

vi. Notification — Year1 Year2 Year3 Year4 Year5 Year6 Year7

vii. Preparation and notification of appropriate subordinate legislation — Year1 Year2 Year3 Year4 Year5 Year6 Year7

viii. Implementation by municipality (ies) — Year1 Year2 Year3 Year4 Year5 Year6 Year7

d. Next revision of rents/rental value guidance — Year1 Year2 Year3 Year4 Year5 Year6 Year7

e. Setting up mechanism for periodic review of rents/ rental value guidance — Year1 Year2 Year3 Year4 Year5 Year6 Year7

f. Establish Dispute resolution mechanism (e.g. Special Tribunals/ Courts etc)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

g. Any other reform steps being undertaken (please use additional space to specify)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

CHECKLIST OF REFORMS
E-GOVERNANCE

Salient Features for Audit: a) Audit should see how many services are covered by E-Governance applications.

b) Commitment of the municipalities for appointment of state-level Technology Consultant as State Technology Advisor may be noted to see the adherence.

c) Similar exercise can be undertaken for preparation of Municipal E-Governance Design Document on the basis of National Design Document.

d) Similar exercise can be undertaken for Agreement on Municipal E-Governance Action Agenda.

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in E-Governance, with the objective of having a transparent administration, quick service delivery, effective MIS, and general improvement in the service delivery link

12. CURRENT STATUS
    a. Please provide a list of services covered by E-Governance applications

Type of Service	ULBs/ Parastatals involved	Remarks
Registration of Births and Deaths		
Public Grievance Redressal		
Property Tax Management, including records mgmt		
Municipal Accounting System		
Works Management System		
E--procurement		

Personnel Management, i.e. personal information system		
Payment of Property Tax, Utility Bills and Management of Utilities that come under the ULBs.		
Buillding plan approval		
Others		

13. TIMELINE FOR ACTION ON REFORMS

a. Appointment of State-level Technology Consultant as State Technology Advisor — Year1 Year2 Year3 Year4 Year5 Year6 Year7

b. Preparation of Municipal E-Governance Design Document (MEDD) on the basis of National Design Document as per NMMP — Year1 Year2 Year3 Year4 Year5 Year6 Year7

c. Assessment of MEDD against National E-Governance Standards (e.g. Scalability, intra-operability & security standards etc.) — Year1 Year2 Year3 Year4 Year5 Year6 Year7

d. Agreement on Municipal E-Governance Action Agenda — Year1 Year2 Year3 Year4 Year5 Year6 Year7

e. BPR for migrationto e-governance — Year1 Year2 Year3 Year4 Year5 Year6 Year7

f. Appointment of Software consultant(s) — Year1 Year2 Year3 Year4 Year5 Year6 Year7

g. Exploring PPP option for different E-Governance services — Year1 Year2 Year3 Year4 Year5 Year6 Year7

h. Defining monitorable time-table for implementation of each E-governance initiative that is being taken up — Year1 Year2 Year3 Year4 Year5 Year6 Year7

i. Ongoing implementation of E-governance initiatives, against monitorable time-table Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

j. Any other reform steps being undertaken (please use additional space to specify) Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

Toolkits

JNNURM funds can be accessed by eligible urban local bodies and parastatal organisations by application, to the Ministry of Urban Development, comprising:

- A City Development Plan (CDP) ;
- Detailed Project Report (DPR); and
- Timeline for implementation of the urban reform agenda.

A CDP provides both a perspective and a vision for the development of a city. DPRs are specific proposals in areas that are to be supported under the JNNURM, with details of the project's feasibility and compatibility with other norms and standards. The Timeline shows the schedule for the implementation of the urban reform agenda.

The Government of India will provide toolkits to enable the urban local bodies and other parastatal organisations to formulate CDPs, DPRs, and Timeline for implementation of the urban reform agenda.

Toolkit for Appointment of Independent Review and Monitoring Agencies for projects

These reports may be reviewed by auditors as they play a crucial role for processing requests for release of subsequent installments of State and Central support to the projects. Review of these reports will also help an auditor to evaluate project quality; time and cost control; value for money procurement, improved budgeting and funds flow in the project and measurement of project outputs and impact.

The Mission Directorate, MoUD is currently implementing a web-enabled Programme Monitoring and Evaluation System (PMES) for JNNURM. The PMES is designed to capture the physical and financial progress aspects of JNNURM projects, both as reported by the Project Executing Agency (PEA) and the IRMA. Information periodically reported into the PMES, will be reviewed regularly by State and Central level stakeholders. This information will be the critical input for processing requests for release of subsequent installments of State and Central support to the projects.

The information reported by PEAs can be cross-verified with independent reports from the IRMA to identify any issues / constraints in project implementation and thereby enable corrective action. Independent review will also enable achievement of better project quality; time and cost control; value for money procurement; improved budgetary planning and funds flow in the project; and measurement of project outputs and impact.

The projects go through the stages of appraisal by the SLNA, are recommended by State Level Steering Committee, appraised by specialist agencies of Government of India, and then sanctioned by competent authority at the Central level. At each of these stages, there may be recommendations, suggestions, covenants proposed with respect to the project. The IRMA will ensure that these points are incorporated during the implementation of the project. Inputs from the IRMA will also provide important feedback to the key stakeholders at the city level on a periodic basis.

It is therefore necessary that each project is covered by an IRMA and ground level feedback is provided over the entire project development life-cycle to all concerned stakeholders at the City, State and Central levels.

Independent Mechanism for Review and Monitoring of projects

Review and Monitoring Process

All projects can be considered to have basically for stages over its development life-cycle, viz.

- Pre-Construction,
- Construction,
- Commissioning and Trial run, and
- Post -Construction stages

The stage wise activities envisaged for the scope of services of the IRMA agencies are summarized below.

Pre -construction stage:

The activities for the IRMA in this stage consist of review of Detailed Project Report (DPR) documents, and pre-construction activities which will in-turn have a major implication on the project in terms of physical and financial progress. The review will largely be based on documents like, detailed design drawings, design and construction specifications, BoQ, tender documents, etc.

The Pre-construction activities would include project implementation plan, procurement processes, site clearance for construction, interdepartmental clearances, project management mechanisms, etc.

High-quality project preparation is critical for high-quality implementation. Inputs from IRMA in this stage will help the PEA, other city level agencies, SLNA and Mission Directorate in understanding the issues to be resolved in implementation of the project, and address them upfront.

Construction stage:

During the construction stage of the project, it is expected that IRMA will review and report on the physical progress of the project, performance of quality assurance systems, commercial performance, financial progress of the project and compliance with statutory requirements. Periodic review by the IRMA at this stage should enable forecasting of likely eventualities in time or cost over-run.

Commissioning, Trial run and Testing stage:

Wherever the projects are implemented by multiple contractors and under various types of contracting models, significant problems are faced by the PEAs / ULBs in taking over the completed project. Apart from assessing the performance of the asset created, IRMA will also examine whether the staff of the Operations and Maintenance (O&M) agency / ULBs are adequately trained for O&M, technical documents handed over and systems for O&M established.

Post-Construction Stage:

The IRMA is expected to make a one-time visit to the project site, after completion of the work and handing over of the project by the contractor to the concerned PEA / ULB, typically after one year of completion. This visit is aimed at providing a one-time report on the sustainability of the project. During their visit, IRMAs are expected to observe the functional aspects of the project in terms of the total capacity created versus that actually utilized; user satisfaction; O&M performance, financial sustainability where applicable and other related parameters.

Appointment of IRMA Agencies:

As part of its efforts to hand-hold the States and Cities in JNNURM, the Mission Directorate, MoUD has empanelled a list of consultants to play the role as IRMA under JNNURM. A national level Expression of interest (EoI) was invited for the short-listing of consultants, and applicants short-listed on the basis of the firms' expertise in preparation of DPRs, experience in construction supervision of large projects and experience in urban infrastructure projects. A committee appointed by the Mission Directorate evaluated the details provided by the agencies and has recommended a list of consultants based on the criteria evolved.

This list is not binding on the States, and the SLNAs may also appoint the agencies outside the list by adopting transparent competitive bidding process. Should the SLNAs seek to qualify agencies outside of this empanelled list, the recommended criteria for selection of agencies are:

The agencies should have been in existence, in the field of preparation, supervision and implementation of infrastructure projects, for more than three years

The Agencies should have a minimum turnover of Rs. One crore during each of the last three years

- Should have handled at least three projects in similar role
- The estimated cost of project supervised over the last three years should be more than Rs. 10 crore each
- Experience in the field of urban infrastructure projects shall be preferred. Expression of Interest may include the applicant's relevant past experience, specific experience in supervising large infrastructure projects, profile of the organization and its key personnel in the relevant fields, experience of working with the State Governments / Urban Local Bodies / Parastatal agencies, statement of its finances/audited accounts and the structure of the organization.

Selection of IRMA agencies by SLNA:

Mission Directorate, MoUD requires that the selection and engagement of IRMAs are done by the concerned SLNAs. SLNAs will need to issue RFPs to the pre-qualified agencies for submission of Technical and Financial proposals for selection as IRMA for all JNNURM projects being implemented in the Mission cities across the state. After undertaking due selection process, and prior to entering into contractual arrangement with the IRMA, SLNAs are required to submit the proposal for concurrence to the Mission Directorate, MoUD.

SLNAs are advised to follow the given model RFP without modifying the stated objectives, scope and deliverables. In case any such modifications are effected, reasons thereto may be given and approval may be obtained from the Mission Directorate prior to the signing of contract with the agencies, at the time of submitting the proposals to MoUD for concurrence.

City Information

1	ULB Name		
2	Name of Urban Agglomeration that ULB is part of		
3	Population of ULB as per 2001 census		
4	Current population of ULB (estimated 2005)		
5	Slum population of ULB as per 2001 census		
6	Slum population in the ULB (estimated 2005)		
7	Total area of the ULB (in Sq. kms)		
8	List of Mayors & Commissioners *(between April 2005 and March 2007)*		
	Mayor 1	Name	
		Tenure *(Month 'Year to Month 'Year)*	
	Mayor 2	Name	
		Tenure *(Month 'Year to Month 'Year)*	
	Mayor 3	Name	
		Tenure *(Month 'Year to Month 'Year)*	
	Municipal Commissioner 1	Name	
		Tenure *(Month 'Year to Month 'Year)*	
	Municipal Commissioner 2	Name	
		Tenure *(Month 'Year to Month 'Year)*	
	Municipal Commissioner 3	Name	
		Tenure *(Month 'Year to Month 'Year)*	

Sr. No.	Performance parameter	Explanation	Units	As on 1st April 2005	As on 31st March 2007
Urban Services					
Water Supply					
1	City-wide outreach of access to water supply	Population with easy access to water services (either with direct service connection or within 200m of a stand post or served by other sources of potable water provided by the utility e.g. deep bore hand pumps as as percentage to total ULB population	%		
2	Coverage Increase	Increase in number of direct service connections over the last two years as a percentage to total number of direct service connections in the city as on April '05	%		
3	Extent of supply for piped water connections (days and hours)	No. of days of supply in a week, and No. of hours of supply in a day	Days, Hours		
4	Cost per 1 KL of water supplied	Total operating costs (including establishment expenditure) divided by total quantity of water produced	Rs per KL		
5	Cost recovery of water supply services	Total revenue from water as a percentage to total O&M costs for water supply (including related salary costs)	%		
Sewerage, Sanitation and Drainage					
6	City-wide sewerage and safe sanitation coverage	Population with sewerage services (direct service connection) and Safe sanitation disposal (septic tanks and soak pits) as percentage to total population	%		
7	Extent of Waste water treatment	Waste water treated in MLD as percentage to waste water generated in MLD (atleast primary treatment)	%		
8	Extent of drain coverage	Total pucca road side drains as percentage to total pucca road length	%		
9	Extent of covered drains	Total length of covered storm water drains as percentage to total pucca drain length	%		
Solid Waste Management					
10	Extent of Door-To-Door collection services	Households covered under door-to-door collection services as percentage to total number of households	%		
11	Extent of waste collected that is disposed in safe manner	Waste treated and disposed in sanitary land fill as percentage to total waste collected	%		
12	Staff utilization efficiency	Number of Staff in SWM department per MT of waste handled per day	Nos. of Staff per MT per day		
13	Cost of waste management / MT	Total operating cost of waste collection, transportation, treatment and disposal divided by Waste collected	Rs per MT		

Urban Transport					
14	Expansion of road width	Increase in lane kms over two year - either through widening existing road, for e.g widening from 2 lane to 4 lane; or laying new pucca roads.	lane kms		
15	Creation of pedestrian facilities	Road length with shouldered pavement of minimum 4 ft width (1.2 mt) on atleast one side of the road as percentage to total pucca road length	%		
16	Creation of parking facilities for two wheelers	Incremental parking capacity added in the last two years as percentage to numbers of two wheelers registered in same period	%		
17	Creation of parking facilities for four wheelers	Incremental parking capacity added in the last two years as percentage to numbers of four wheelers registered in same period	%		
18	Capacity augmentation in Public transport	Incremental capacity, as per rated capacity, added in shared public transport (Government / privately owned) as percentage to urban population (exclude inter-city services)	%		
19	Street lighting coverage	Road length covered by street light (considering nos. of street lights x 30 mt interval) as percentage to total road length	%		
20	Energy saving	Nos. of street lights for which energy saving techniques have been used as percentage to total street lights (for e.g - by use of CFL, by use of photo-timer switches, or other techniques)	%		
Services to the Urban Poor					
21	Slum population served with piped water connections (Household level & public stand posts)	Households amongst slum dwellers that have access to piped water connection and public stand posts as percentage to total slum households	%		
22	Slum population per public stand post	In number of persons	Nos. of persons		
23	Slum level access to sewerage and safe sanitation	Slum population with access to sewerage connections and other safe sanitation disposal (excluding dry latrines) as percentage to total slum population	%		
24	Slum population covered under waste collection services	Slum population served by regular waste collection services as percentage to total slum population	%		
25	Providing tenure security	Slum households given tenure security in the last two years as percentage to total slum households in April '05	%		

Financial Management					
Revenue Mobilisation					
1	Per Capita total revenue income from own sources (should exclude Octroi compensation and other such devolutions from State & Central Govt)	Total revenue income from own sources divided by estimated total population of 2005	Rs. per capita		
2	Extent of own income	Total income from own sources as percentage of total income from all sources (include both revenue and capital accounts)	%		
3	Per Capita Property Tax collected	Total Property Tax collected divided by estimated total population of 2005	Rs. per capita		
4	Coverage efficiency	Properties covered under PT assessments as percentage to total number of properties	%		
5	Collection efficiency	Total collections for PT as percentage to total demand raised for PT (expected collection in case of self assessment system) (total arrears and current demand for the year)	%		
Fund Application					
6	Per capita total revenue expenditure	Total revenue expenditure divided by estimated total population of 2005	Rs.		
7	Establishment cost	Establishment expenses as percentage of total Expenses	%		
8	Per capita total capital expenditure	Total capital expenditure divided by estimated total population of 2005	Rs.		
Financial Management Systems					
9	Completion and closure of accounts	State year for which accounts were complete and closed as on given date	FY __ - __		
10	Computerisation of accounts	State whether an accounting software was used and cash book, subsidiary ledgers, trial balance, etc. was generated using the accounting software	YES / NO		

Quarterly Progress Report

A review of this report will help auditors to gather information on-

- The cumulative progress on implementation of 74th Constitutional Amendment Act,
- Convergence of City Planning Functions in the ULBs
- Amendments to Rent Control Legislation
- Rationalisation of Stamp Duty
- Capital contributions and Inflows for all JNNURM projects
- Fund Utilisation for all JNNURM projects

Format for
Quarterly Progress Report for *Name of State*
Time Period: *Month to Month, 200X*

This Report comprises

State level report	
Name of state	
City level report	
Name of JNNURM City	
Project level report	
Project code	Name of sanctioned project under implementation
Project code	Name of sanctioned project under implementation

Report Submitted by:
Name of SLNA:
Signature of CEO, SLNA
Designation, SLNA
Date: ***dd/mm/yy***

Progress At City Level

A review of this report will help auditors to gather information on-

- Implementation of Accounting Reforms
- Property Tax Reforms
- Implementation of E-Governance in municipalities

PART I
PROGRESS AT STATE LEVEL

1.	**Mandatory Reforms at State Level**		
	Commitment as per the MoA for the current financial year	**Progress made during the Quarter**	**Cumulative progress during the financial year**
a)	Implementation of 74th Constitutional Amendment Act		
b)	Convergence of City Planning functions in the ULBs		
c)	Amendments to Rent Control legislation		
d)	Rationalisation of Stamp Duty		
e)	Repeal of ULCRA		
f)	Enactment of Community Participation Law		
g)	Enactment of Public Disclosure Law		

2.	**Optional Reforms at State and City Levels**		
	Commitment as per the MoA for the current financial year	**Progress made during the Quarter**	**Cumulative progress during the financial year**
a)	*Title of the reforms committed*		
b)	*Title of the reforms committed*		

3.	**Initiatives taken by SLNA and / other State level agencies during the reporting period (quarter) for capacity building of ULBs**
	• *Mention title of initiative / project undertaken in this area in brief bullet points* • … • … • … • …

All amounts are in Rs. lakhs

3.	Capital Contributions and Inflows for all JNNURM projects in the State[1]								
Sl. No	**Sources**	**Total contributions upto last financial year from start of Mission**	**Actual amounts released in current financial year FY 06-07**				**Total to date in FY 06-07**	**Commitment pending release from source for FY 06-07**	**Commitment pending release from source for balance project periods**
			Upto end of last reporting Quarter in FY 06-07	**During the last quarter being reported**					
				Name month 1	*Name month 2*	*Name month 3*			
1	GoI								
2	State								
3	ULB								
4	Others *(specify)*								
	Total								

4. State Government Budget Allocation	
Allocation in State Government budget for JNNURM projects in current financial year	Rs. _____ lakhs

[1] Note (for filling table):

(1) Quarter is defined to be aligned with the financial year time frames

(2) Actual amounts for all sources should be based on actual cash inflow in the project bank account, as at the time of reporting

(3) Amounts committed pending release for current financial year and beyond should be linked to project implementation schedules.

All amounts are in Rs. lakhs

5.	**Monitoring Funds Utilisation[2] for all JNNURM projects in the State**						
Utilisation upto last financial year from start of Mission	**Actual amounts utilised in current financial year FY 06-07**					**Balance utilization forecast for FY 06-07**	**Balance utilization forecast for balance project periods**
	Upto end of last reporting Quarter in FY 06-07	**During the last quarter being reported**			**Total to date in FY 06-07**		
		Name month 1	*Name month 2*	*Name month 3*			
Utilisation of funds as % of funds received from all sources for all JNNURM project in the State as on date from the start of the Mission					%		

6. Any issues / constraints in implementation of JNNURM at the State and / or City levels encountered during the reporting period *(please mention in brief bullet points)*

- ...
- ...
- ...

PART II
PROGRESS AT CITY LEVEL

(to be filled in separately for each JNNURM city in the State)

Name of City: _____

1.	**Mandatory Reforms at City Level[3]**		
	Commitment as per the MoA for the current financial year	**Progress made during the Quarter**	**Cumulative progress during the financial year**
a)	Implementation of Accounting Reforms		
b)	Property Tax reforms		
c)	Reforms in levy of user charges		
d)	Implementation of E-Governance in municipalities		
e)	Earmarking of funds for basic services to the poor		

2. MoA

In case MoA has not been negotiated and signed as on reporting date, please indicate target time period for entering into tripartite MoA *month / year*

[2] Utilisation implies – drawals from the project bank account for payments pertaining to the project

[3] In case of city of multiple ULBs, table 1 above should be reported for all ULBs within that urban agglomeration.

All amounts are in Rs. lakhs

3.	Capital Contributions and Inflows for all JNNURM projects in the city[4]								
S. No	Sources	Total contributions upto last financial year from start of Mission	Actual amounts released in current financial year FY 06-07				Total to date in FY 06-07	Commitment pending release from source for FY 06-07	Commitment pending release from source for balance project periods
			Upto end of last reporting Quarter in FY 06-07	During the last quarter being reported					
				Name month 1	*Name month 2*	*Name month 3*			
1	GoI								
2	State								
3	ULB								
4	Others								
	Total								

4. List initiatives taken if any for creation of a Revolving Fund at the city level *(please mention in brief bullet points)*

- ...
- ...

All amounts are in Rs. lakhs

5.	Monitoring Funds Utilisation[5] for all JNNURM projects in the city						
Utilisation upto last financial year from start of Mission	Actual amounts utilised in current financial year FY 06-07					Balance utilization forecast for FY 06-07	Balance utilization forecast for balance project periods
	Upto end of last reporting Quarter in FY 06-07	During the last quarter being reported			Total to date in FY 06-07		
		Name month 1	*Name month 2*	*Name month 3*			
Utilisation of funds as % of funds received from all sources for all JNNURM project in the city as on date from start of Mission						%	

6. Any innovations / good practices in urban governance, project development and service delivery implemented in the city during the reporting period *(please mention in brief bullet points)*

- ...
- ...

Signature & Date
Authorised Signatory
Urban Local Body[6]

[4] Note (for filling table):
(1) Quarter is defined to be aligned with the financial year time frames
(2) Actual amounts for all sources should be based on actual cash inflow in the project bank account, as at the time of reporting
(3) Amounts committed pending release for current financial year and beyond should be linked to project implementation schedules.
[5] Utilisation implies – drawals from the project bank account for payments pertaining to the project
[6] In case of cities with multiple ULBs, the concerned person from the largest ULB in the city should sign on behalf of all ULBs in the urban agglomeration

PART III
MONITORING PROJECT IMPLEMENTATION
(To be filled in separately for each project)

1.	**Project title:**		**3.**	**Project Bank A/c No: & Name & Address of Bank**	
2.	**Project code:**				
3.	**Implementing Agency:**		**4.**	**Project Cost (in Rs. Lakhs) – as sanctioned**	

5.	**Capital Contributions to the project and Inflows**[7]									
S. No	**Sources**	**Commitment based on approved project cost**	**%**	**Actual release upto end of last reporting quarter**[8]	**Actual amounts released and dates in current financial year FY 06-07**			**Total to date in FY 06-07**	**Commitment pending release from source for FY 06-07**	**Commitment pending release from source for balance project period**
					During the last quarter being reported					
					Name month 1	*Name month 2*	*Name month 3*			
1	GoI				*Amount*	...	...			
					Date	...	...			
2	State				...	...	...			
					...	...	...			
3	ULB				...	...	...			
					...	...	...			
4	Others				...	...	...			
					...	...	...			
	Total									
	Total interest accumulated in bank account to date						Rs.			

6. Budget Allocation by ULB / parastatal agency	
Allocation in ULB / parastatal agency budget for this project in current financial year	Rs. _____ lakhs

All amounts are in Rs. lakhs

7.	**Project Implementation Monitoring**							
List all tender packages proposed for the project		Cost (in Rs. Lakhs)			Project Start		Completion	
Package No.	Brief Title of Tender Package	Estimate	Awarded	On completion	Tender Release date	Tender Award date	Scheduled date	Actual completion date
1.								
2.								
3.								
n.								
Total								

[7] Note (for filling table):
(1) Quarter is defined to be aligned with the financial year time frames
(2) Actual dates / amounts for all sources should correspond to dates / amounts of actual cash inflow in the project bank account
(3) Amounts committed pending release for current financial year and beyond should be linked to project implementation schedule.
[8] From start of the project

8.	Project Implementation activities planned for the quarter	Project implementation achievements during the quarter
	• ... • ...	• ... • ...

9.	Estimated time for completion of Project as per DPR[9]: *month / year* Estimated time for completion of project as on date: *month / year*

All amounts are in Rs. lakhs

10.	Monitoring Funds Utilisation[10] for the project						
Tender Package No.	Actual amounts utilised in the project				Total to date	Balance utilization forecast for FY 06-07	Balance utilization forecast for balance project period
	Upto end of last reporting Quarter[11]	During the last quarter being reported					
		Name month 1	*Name month 2*	*Name month 3*			
1.							
2.							
n.							
Total							
Utilisation of funds as % of funds received from all sources for the project as on date							%

11. Any issues / constraints in project implementation *(please state in brief bullet points)*
• ... • ...

Signature & Date
Authorised Signatory
Project Implementing Agency

Signature & Date
Authorised Signatory
Urban Local Body[12]

Expected Outcomes

The JNNURM expects that proper application of the reform agenda combined with effective implementation of its programmes and projects will lead to:

- Universal access to a minimum level of services;
- Establishment of city-wide frameworks for planning and governance;
- Modern and transparent budgeting, accounting, and financial management system at municipal levels;
- Financial sustainability for municipalities and other service delivery institutions;
- Introduction of e-governance in the core functions of municipal governments; and
- Transparency and accountability in urban service delivery and management.

[9] Please specify month and year of completion as envisaged in the DPR, taking into account the release of first installment of funds from GoI as start date for the project

[10] Utilisation implies – drawals from the project bank account for payments pertaining to the project

[11] From the start of the project

[12] In case of projects spanning across multiple ULBs in cities with more than one ULB, the concerned person from the largest ULB in the city should sign on behalf of all ULBs participating in the project

City Development Plan

The following points may lead to formulation of an audit focus while reviewing the City Development Plan of Chennai.

- Auditor should see that Detailed Project Report has not been entertained without a CDP.
- Though Jawaharlal Nehru National Urban Renewal Mission does not require the CDP to be statutory document but audit should ensure that they are not inconsistent with other statutory documents like master plan.
- CDP is a comprehensive vision document and would subsume the master plan. Audit should ensure that the CDP indicates the direction in which the city would like to progress.
- Regarding capital investment plan for different services, viz., water, sewerage, storm water drains, solid waste management, traffic and transportation, urban poverty, environmental protection and disaster management, there may be certain gaps in the data presented, analysis as well as strategic frameworks.
- The status of infrastructure, financial status, institutional framework, etc., and the relevant gap analysis are to be presented for overall CMA, city and municipalities, the same is not presented for the village panchayats and villages.
- The institutional arrangements for service delivery and management of infrastructure, their functions, overlapping roles and jurisdictions, problems in their financial status, their impact on service delivery and role of private sector as well as public private partnerships need to be examined
- The data presented on waste generation in this section relates to 1996 and chemical analysis of solid wastes to 1990. The data needs to be updated, where possible and a gap analysis under taken.
- The disaster management issues are not covered and discussed. There is no corresponding vision, strategy and projects for the same.
- There is no coverage and discussion on urban renewal issues and no urban renewal projects relating to inner city congestion, shifting of industrial/commercial establishments, renewal of sewerage, drainage and solid waste systems etc., are proposed in the CDP. This needs to be examined.
- The overlap between different heads viz. improvement of infrastructure includes water supply, roads, drains etc., but for these very sectors separate allocations were also shown. In addition, development of basic services for the poor was also identified separately. It was not clear as to how it is different from improvement of infrastructure.

City Development Plan for Chennai Metropolitan Area under JNNURM -An Appraisal Report May 2006

Source: www.jnnurm.nic.in/cdp_apprep_pdf/chennai.htm

1. The Development Plan for Chennai Metropolitan Area is appraised based on the Guidelines for Jawaharlal Nehru National Urban Renewal Mission (Sub-mission for Urban Infrastructure and Governance and the Sub-mission on Basic Services to the Poor) and the guidelines given in the Tool Kit accompanying the Guidelines - Formulation of a City Development Plan.

2. The Development Plan for Chennai Metropolitan Area under JNNURM has been well

documented and presents a comprehensive picture of the city corporation and the surrounding urban and rural local bodies. It presents data on demography, economy, physical and environmental aspects, financials, environmental services, poverty, etc. It broadly articulates the current situation on these aspects provides a vision and formulates strategy and action plans for various sectors. The data has been analysed on various dimensions of cities' growth and development. The analysis of infrastructure, sectors such as water supply, sewerage, storm water drains, and solid waste management is well presented.

3. The vision for CMA is to develop the city as a prime metropolis, which will deliver services equitably, become economically vibrant, environmentally sustainable and generate better services for the future generations. It articulates strategies and action plans for different services, viz., water, sewerage, storm water drains, solid waste management, traffic and transportation, urban poverty and environmental protection and disaster management. It presents capital investment plan for these sectors. In the Development Plan there are certain gaps in the data presented, analysis as well as strategic framework. These are presented in this Appraisal Report with a view to address them to strengthen the Development Plan.

Overview

4. Chennai metropolitan area has been defined as comprising of the Chennai Municipal Corporation and its outlying urban and rural areas consisting of one cantonment, 4 townships, 16 municipalities, 20 special panchayats and 213 village panchayats. Though the status of infrastructure, financial status, institutional framework, etc., and the relevant gap analysis are presented for overall CMA, city and municipalities, the same is not presented for the village panchayats and villages. There should be a clear definition of areas such as CMA, CMDA, COC for better understanding and clear separation of CMA vis-à-vis others. This is important for better understanding articulation of vision and strategy, project formulation, etc.

5. The area of the CMA extends to 1172 sq. km. But, the area is given as 1189 sq. km. This needs to be clarified and correct figure to be given.

6. The CMA extends over a few districts and this has not been clearly presented. This is critical in understanding aspects of administrative convergence as well as for planning and monitoring development programs and to articulate reform agenda. This needs to be discussed.

Governance & Institutional Framework

7. A large number of institutions are responsible for planning and development in the CMA. But there is no adequate discussion on institutions, governance and reforms. The parastatals that work within the CMA either in developmental aspects or service delivery, particularly of CMWSSB, CMDA, TNSCB, etc., have not been discussed.

8. The institutional arrangements for service delivery and management of infrastructure, their functions, overlapping roles and jurisdictions, problems in their financial status, their impact on

service delivery and role of private sector as well as public private partnerships need to be presented and examined.

9. The issues of convergence and coordination as a part of institutional framework need to be highlighted, as this is important for articulating the reform action plan – mandatory and optional. Their financial status also needs to be discussed which is important for appraisal of CDP and the DPRs.

Demography

10. The migration pattern was discussed, but the components of population growth - natural growth, in-migration, jurisdictional change, as per the Tool Kit - needs to be added.

11. Status on sex ratio and literacy was given for the city and CMA. The data on these aspects for urban Tamil Nadu need to be given and the areas of concern need to be highlighted and reflected in the strategy and action plans, particularly those relating to the poor.

12. Projections of population for CMA, including the city, were given for a period of 25 years. It presents the population for the years 2001 to 2026. It is clear that ratio of city population to the surrounding areas in the CMA is 1: 0.61 in the year 2001, and the same is 1: 1.14 in 2026. This indicates that most of the growth is likely to take place outside the present Chennai Corporation area. This need to be carefully examined and the vision and the strategic framework should keep this projected population outside present corporation's limits in mind.

Economic Base

13. Occupational structure by sectors and over a period has not been presented. There is also a need to include the contribution of CMA to the state domestic product. The details of economic sectors like manufacturing, services and other sectors, their employment potential, production, etc., over a time frame need to be added as per Tables 5 and 6 of the Tool Kit.

14. The economic base of the municipalities, village panchayats and villages, which are the part of CMA, their growth potential, employment, production, constraints need to be presented. A SWOT analysis is desirable.

Land Use

15. Land supply, – developed and undeveloped – land under different uses and changes over a five year period, principles governing land use pattern, implementation and impact of Urban Land Ceiling Act 1976, and land use controls need to be incorporated.

16. The agencies involved in land use regulation need to be examined. Urban land market needs to be explained. Similarly air and water quality need to be discussed.

Municipal Infrastructure

17. The plan presents the existing situation of water supply, sewerage, solid waste management and drainage system.

Water Supply

18. The water supply in the Chennai Corporation is the responsibility of the CMWSSB. The

CMWSSB also covers the surrounding urban local bodies covering an area of 7.88 sq. km. If the Board is not responsible for the provision of water and sewage service in some areas of CMA, the institutional responsibility for these services, coverage, access, etc., need to be explained

19. Coverage of population with piped water supply is 98 percent. But it is not clear as to what percent of population outside the Corporation have the coverage and access.

20. Though the per capita supply in the Corporation area is 90 lpcd, in some zones it is inequitable and as low as 30 – 40 lpcd. Similarly, in the CMA area (other than the city) it varies between 20 - 25 lpcd, which are much lower than the norms *Gap analysis should be undertaken.*

21. NRW was discussed only as a part of strategy and adequate focus was not given to this critical aspect. *This needs to be rectified.*

22. Number of households and households with water connections in the city and other areas to *be discussed and the gaps should be identifed.*

23. Cost recovery aspects need to be discussed in detail.

24. Institutional aspects - in the CMA area and the Board - need to be adequately discussed, which is not the case at present.

25. The figures of water supply coverage, NRW, lpcd etc differ at various places. And the full cost recovery is envisaged within the first year. Is *it realistic? This needs to be examined.*

Sewerage

26. The coverage of sewerage system in the city is 98%, which is commendable. There is a need to present and examine the access to sewerage system in the city and other areas constituting the CMA.

27. It is observed that a majority of ULBs in Chennai Urban Agglomeration do not have underground sewerage system. It is not clear that the UA and the CMA are the same or different. *This aspect needs to be discussed.*

28. The future requirements with respect to sewerage are not presented. Solid Waste

29. The focus of discussion in this section was only on the Chennai City Corporation and the *situation in the other areas of the CMA (other than the city) needs to be incorporated.*

30. The data presented on waste generation in this section relates to 1996 and chemical analysis of solid wastes to 1990. Much water must have flown in the last decade and more. The data needs to be updated, where possible and a gap analysis under taken.

31. Gaps and problems in Municipal Solid Waste not presented.

Traffic &Transportation

32. The trends in vehicular growth and travel demand are presented in the chapter. However there is no break up of the data for the City and other components of the CMA. Trends in share of public

transport over the past two decades also have been discussed. The vision, goals and service outcomes have been well articulated. There is, however, a need to discuss cost recovery aspects.

Environment and Disaster Management

33. The disaster management issues are not covered and discussed. There is no corresponding vision, strategy and projects for the same.

Social Facilities

34. The chapter on social facilities is weak and it is also not linked to vision, goals and investments.

Urban Renewal:

35. One of the prime objectives of JNNURM is 'Urban Renewal'. But, there is no coverage and discussion on urban renewal issues and no urban renewal projects relating to inner city congestion, shifting of industrial/commercial establishments, renewal of sewerage, drainage and solid waste systems etc., are proposed in the CDP. This needs to be examined.

Consultative Process

36. As per the guidelines of JNNURM, CDP needs to be formulated through a consultative process. The process of preparing CDP was presented but the details of the consultative processes have not been explained. The CDP appears to have taken cue from earlier Sustainable Cities Programme sponsored by UN-HABITAT. But, year of formulation of the approach, the process of consultations through stakeholder participation, whether the poor are represented in the consultations, participation of civil society, private sector, interest groups, etc., have not been presented. This needs to be clearly presented.

37. It is also noted that the stakeholder participation is part of Master Plan preparation for CMA. Here also, the year of Master Plan preparation, consultative process, types of stakeholder participating, etc., have not been given. *They need to be specified clearly to understand the consultative process, which is central to the CDP preparation under JNNURM.*

38. The Plan is not clear whether it represents the process that was actually followed in the preparation of the present CDP or only a theoretical model. If the process depicted in the Report was followed in the preparation of the CDP, the details need to be given.

39. In preparing CDP inputs were drawn from a number of studies viz., Master Plan for CMA, Traffic and Transportation Study for Chennai, Master Plan for Water Supply and Sewerage, etc. But the year of preparation of these reports has not been mentioned to understand the timeframe and other details. *They need to be incorporated.*

Finances

40. The finances of Chennai Corporation and 14 out of 16 Municipalities has been presented. The data includes sources of revenue and expenditure, governmental transfers, etc. The following gaps have been identified and they need to be incorporated:

- The financial status of villages and village panchayats need to be incorporated to get a comprehensive picture.
- The number of property assessments was given as 5.22 lakhs, but the number of properties in the city has not been given to facilitate analysis. This must be included and a gap analysis made.
- Both in the corporation and the municipalities, the personnel costs appear to be very high at around 45% of the total expenditure. An analysis of causes and remedial measures need to be highlighted and strategy articulated.
- The revenue and expenditure projection over the next seven years for CMA and its constituents is not given.

41. Following aspects were either inadequately discussed or not been discussed, and therefore need to be discussed:

- Exemption of property tax to certain categories of people; Users charges; and
- An analysis of property tax - assessment, levy and *collection.* Basic Services for the Poor

42. Basic Services for the Poor including evolution of slums, poverty status, infrastructures status, housing situation, development schemes for the poor, etc., have been explained elaborately. *But there are a few gaps, which need to be corrected.*

43. There is a variation in the number of slum families as reported by census 2001 and Tamil Nadu Slum Clearance Board. The year of estimation by the TNSCB was not given which would have facilitated comparison and better understanding.

44. There are 1431 slums in CMA excluding those, which were improved/cleared. But the number of slums was given as 1473. *This need to be corrected and exact figure should be given.*

45. Table 8.4 presents the profile of slums in CMA in 2005 including zone wise details of slums, land ownership, slum size, shelter, services, demography, income, etc. But it is not clear from the table which areas are included in the "Extended Areas" in zone 1, what are the ten towns included in zone 2, etc. Explanation is important for better understanding and clarity. As per the table, there are 1,70,720 slum families in the CMA. Under the Slum Clearance Scheme TNSCB has constructed 69, 594 tenements in Chennai and TNHB has constructed 10, 423 slum tenements in Chennai. Similarly, under Mass Housing Scheme 97,650 families were provided assistance for house improvement. Under the three schemes a total of 1,77,667 families benefited either in the shape of housing improvement or allotment of a tenement. This figure exceeds the total number of families shown in the table. *There appears to be a discrepancy.*

In addition, on Vision and Goals it is mentioned that the TNSCB has programmed to construct 79, 039 tenements in Chennai City at a total cost of Rs. 1319.96 crores during 2006-13. If all the slum families were provided assistance under different schemes earlier, where the investments would be made? *This needs to be clearly examined on the basis of a gap analysis. The table also need to be explained bringing out salient features as well as critical areas that require attention for development.*

46. Out of 1473 slums, 1231 were classified as developed and 242 as. But *the criterion for classifying the slums as developed and undeveloped has not explained.* Is there a criterion? Does the criterion include status on housing, services, health, education, livelihoods, tenure security etc? *This needs to be clearly explained.*

47. If such a large number slums (1231) have been developed and improved, have they been denotified? Is there a de-notification policy? *The policy, criteria, and the procedures, etc., need to be clearly discussed.*

48. From the analysis of poverty situation, the following conclusions emerge:

- *78% families owned the houses but most of the house owners (85%) do not have pattas;*
- *90 % population in Chennai City depend on Municipal Tankers;*
- *620 persons share a tanker or tap;*
- *30% get less than 50 litres water per day;*
- *71 % slum dwellers purchased water;*
- *1086 persons share a toilet seat and 2871 persons share a urinal;*
- *22.5% resort to open defecation;*
- *68 % houses are without sewers connection;*
- *65% of households throw the solid wastes in the open spaces o0r drains;*
- *32 % households do not have streetlights in front of their houses.*

The figure related to persons sharing a toilet seat is extremely high. If the data is accurate, it is a matter of concern and the strategies and action plans should appropriately address the same.

49. From the foregoing, it is clear that most households, though have houses do not have water, sanitation, sewerage and other facilities. It is not out of place to infer that these slums are not developed and requires attention for providing tenure security, the environmental services and other benefits. *The reasons for such a situation - developed but has poor infrastructure - need to be clearly brought out and clarified.*

50. As per the status of BPL population, less than 4 lakhs of population constituting 10% in Chennai District belong to BPL category. In the 16 ULBs the percentage of the BPL is about 29%.

51. 120 slums were identified as located in objectionable areas. But status of their housing and infrastructure and problems of their relocation have not been presented. *Details of the objectionable slums need to be given and strategy for relocation included.*

52. Allocations being made every year in the budgets of the respective local bodies for the poor

need to be included and discussed.

53. The poverty situation of the Chennai City Corporation and some municipalities is given and similar analysis for the rural areas, which constitutes part of CMA, has not been presented and explained. Such an analysis should be given for a comprehensive understanding and for articulating strategy and the projects.

Vision and Strategies

54. As was noted, the overall vision and strategies for spatial and economic development for the CMA area have been clearly articulated. The spatial development strategy outlines earmarking of space for various activities for housing, commercial, institutional, industrial and recreational use with integrated transport planning; incentives for location and development of IT sector; development of a digi-tech city, development of satellite towns to decongest the metropolis, etc. The strategy for economic development includes formulation of a policy to enhance economic development; development of SEZ for port based industries; development of specialised industrial estates for IT sector; encouraging development of small industries; Upgradation of industrial infrastructure; facilitating investment by private sector and development of infrastructure for social sectors.

In addition, the goals and strategies for each of the sectors - water supply, sewerage, storm water, solid waste, traffic and transportation, urban poor and environmental protection and disaster management were formulated. In each of the sectors, a sector specific vision, goals and service outcomes for different time horizons were formulated.

Water Supply

55. The vision, goals and service outcomes have been clearly articulated with 100% coverage of general and slum households, 100% cost recovery and collection efficiency by 2011. It proposes to provide 150 lpcd by 2011 and to increase hours of supply progressively; pilot continuous water supply initially in 4 zones. The strategy is to remove public stand posts to reduce revenue losses within a time frame of 2-5 years. But, the strategy does not include alternatives to provide access to the entire population, particularly to the poor. The implementation and investment plans also do not cover this significant aspect. This needs to be examined and rectified.

Sewerage

56. The vision is to provide high quality sewerage services based on principles of quality, equity, value and responsiveness. But, there appears to be wide variation in the existing situation presented, vision articulated and the proposed goals and service outcomes. For example, the current network coverage in Chennai city is given as 85%. This is at variance from the situation explained in Chapter 5 which gives the coverage of distribution system at almost 98% in Chennai city. But in the vision it is stated that "sewerage coverage and access in Chennai corporation area needs to be enhanced to 80% by the year 2011, 90% by the year 2016, and 95% by the year 2021". The coverage and access to be achieved in the city by 2011 is given as 100%.

Similar discrepancy can be found for municipalities and village panchayats also. Another aspect is that in the Investment Plan for Network Coverage Rs.50 crores is shown in the first year and Rs. 150 crores in the subsequent years. If the coverage is almost 98% where will the investments be made in the city or the surrounding municipalities and panchayats? This need to be carefully examined and the current situation, goals and expected service outcomes need to be carefully articulated. Similarly, there should be clarity in the investment plan as well.

Solid Waste Management

57. In the data presented on SWM in chapters 5 and 11, there are variations. For example, in chapter 5, it was mentioned that the waste collection efficiency and door-to-door collection coverage is 95%. But in the chapter on strategies, the goal to be achieved by 2011 in case of collection efficiency is 75% and in case of door-to-door collection it is 50%. Such a discrepancy affects the formulation of strategies as well as investment plans. The data need to be carefully presented and analysed and strategy and investment plan prepared.

58. The implementation and investment plans for solid waste management also include village panchayats and the villages that are part of the CMA. But these plans were formulated even without examining the present status. This appears to be a serious flaw and needs to be rectified.

Urban Poor

59. The sectoral vision - 'to create a slum free Chennai by 2013', strategy for poverty reduction in the CMA and goals and service outcomes over a two-decade timeframe were presented in tabular form. That table needs to be relooked as there appears to be an overlap in some cases. For example, on dealing with housing the objective is to achieve tenure security and affordable housing to all by 2011. But, it was specified that pucca houses to be built only for 80% of the households by 2011. Similarly, Goals need to be articulated clearly without overlap with clear milestones. This needs to be examined carefully and revised, if need be.

60. The investment plan for basic services for the poor, table 11.23 needs to be relooked. It is not clear why a two-year time frame is required to evolve policies on notification and de-notification and livelihoods. Similarly, the costs of Rs.20 crores each for these aspects appear to be very high. Another area of concern is the overlap between different heads. For example, improvement of infrastructure includes water supply, roads, drains etc., but for these very sectors separate allocations were also shown. In addition, development of basic services for the poor was also identified separately. It is not clear as to how it is different from improvement of infrastructure. These aspects need to be carefully reviewed and investment plan prepared. Similarly, it is also not clear whether housing infrastructure includes housing component also. If it does not, in what way is it different from improvement in infrastructure, development of basic services and environmental improvement of slums, for which separate allocations have been shown?

Capital Investment Plan

61. The existing trends have been explained in the chapter on municipal finances, but the

projections for the same have not been carried out over the next seven years.

62. The capital investment plan does not present the sources of finances and financing options over the project period. This exercise should also include the projected revenues and expenditure indicating the assumptions. Year wise allocation towards additional O&M also needs to be indicated for the assets created.

63. The proposed year wise investments for the planning period are given. But the contribution of the Municipal Corporation, parastatals (CMWSSB), and surrounding municipalities and panchayats towards the same has not been detailed out.

64. Funding for Basic Services to the Urban Poor in terms of areas like Chennai Municipal Corporation, local bodies in the CMA (except Chennai) and the Housing for LIG/EWS groups is given in tabular form. Instead this should be presented project wise. This needs to be aligned with the structure of preceding and succeeding tables.

65. The total cost towards Basic Services to the Urban Poor component is given as Rs.3887.23 crores. The GOI share is wrongly indicated as Rs.1360.53 crores i.e 35%. But as per the JNNURM guidelines, the GOI contribution will be 50% under this component and this need to be revised.

DELHI CITY DEVELOPMENT PLAN – -2006

The following points may lead to formulation of an audit focus while reviewing the City Development Plan of Delhi.

- For a city of Delhi's size and significance, the level and content of peoples' participation has been very limited.
- Consultations (at least one round in the interim) to be held involving institutions, individuals and non-governmental organizations working in developmental activities to discuss the proposals and prioritize the first year projects to be identified for support under JNNURM.
- A summary of outcomes may be submitted as addendum to the report for consideration by MOUD, GOI, as the basis for support under JNNURM during the period 2007-08.
- The plan proposals need formal approval from the councils of urban local bodies and also from other participating agencies.

DELHI CITY DEVELOPMENT PLAN -2006 Appraisal Report Overall Observations

Source: www.jnnurm.nic.in/cdp_apprep_pdf/CDP_Appraisals_CEPT/Delhi_CEPT.pdf

1. The CDP of Delhi has been prepared with the initiative of Department of Urban Development, Government of Delhi for areas under its jurisdiction. The area is governed by three local bodies; the New Delhi Municipal Corporation (NDMC), the Municipal Corporation of Delhi (MCD) and the Delhi Cantonment Board (DCB). The plan has been prepared with a view to access funds under the JNNURM of the Government of India. The report, presented in 21 chapters, incorporates to an extent the requirements specified under JNNURM tool kit.

Situation Analysis

2. Demographics: The Population of the city has grown from 9.4 Million to 13.8 Million during 1991-2001 period recording 47% decadal growth rate. With continued high rate of growth[1] the CDP estimates the population to be 18.4, 24.5 and 28 million by 2011, 2021 and 2025 respectively. The significance of migration in the population growth has been on the rise. Consequently sex ratio is lower (821). Migration is mainly from the neighboring states. The state of Uttar Pradesh accounts for half of the migrants to Delhi. The proportion of the population classified as poor is more among the migrants. According to Planning Commission survey, the proportion of urban poor population is estimated at 9.4% of the total

population. The Economic Survey (2004-5) 6% of the population is very poor and another 28% are classified as poor.

3. Economic profile: It presents the progress made by the state on the economy front stating that the city is 'rapidly developing as a world class city' and it has 'one of the fastest growing economies in the country'. Quoting high per capita income, the report recognizes the growing affluence of its populace (a segment!). At the same time, continuing with the discussion on urban poverty from the previous chapter, the report expresses its concern over expansion of informal sector and continued influx of 'low quality manpower from neighboring states', which could skew the skill levels available. Lack of focus on value-add sectors (Software, BPO, Communications and Biotechnology), expanding un-organsied sector and lower work participation rates of women as other issues of concern.

4. The environment: There is an overview of environmental management framework. Some important agencies and their broad roles have been listed with limited assessment of their effectiveness After a brief presentation of facts on 'natural environment' identifies depletion and pollution of water resources, degradation of forest cover, deteriorating air quality and the high incidence of environmental health problems as major areas of concern. Failure of River Action Plans has also been highlighted. Incompatible (industrial) has also been identified as a major issue.

5. Growth management scenario. Increasing gap between demand and supply, inadequacies in the basic services in unauthorized and JJ clusters, encroachment, non-confirming land use and missing link between physical and fiscal planning have been identified as major issues. In terms of housing requirements, the overall gap is estimated to be 5 lakh units. Over and above this another 20 lakh houses have been identified as additional requirements.[2] Of the total 130 lakh population, an estimated 60 lakh people live in 728 JJ Clusters, 1700 unauthorized colonies and 165 urban villages. Of this, it is stated that only 25% have access to physical infrastructure. Chapter 6 addresses the issues related to Urban Poor. The proportion of people below the poverty line has declined even in terms of absolute numbers. According to the economic survey about 10% (i.e 11 lakh people) of the population are estimated to have incomes below poverty line. The estimates vary from source to source and it is not clear as to which of thee have been taken for estimating the requirements. Majority of the poor are migrant households and earn less than Rs. 2500 per month. Most of these households are squatters and do not have access to physical services. They live in slums classified as 'notified slums', 'resettlement colonies', 'relocated JJ clusters' and JJ Clusters.

In addition, about a lakh of people living in Delhi are classified as 'homeless'. The night shelters are available for men only and they are inadequate.

6. Inadequacies in services, land tenure and access to finance have been identified as major issues. The report does not dwell adequately on the policies related to urban poor

7. 'Conservation and Heritage Management': A very comprehensive list of government and non-government agencies involved in protecting, conserving and managing heritage resources of Delhi have been listed. It is also very extensive in reproducing various lists of monuments, structures, areas etc., as identified by several agencies working in Delhi. It is a good resource and reference base. In order to evolve a working mechanism for such a vast and diverse heritage treasure, it is important to devise an operational blue print of authorities, their relationships, jurisdictions, finances and a shared common goal. The chapter, in its concluding section identifies technical and management issues to be addressed. The need for preparation of Heritage Management Plans and Detailed Conservation Plans has been highlighted.

The Infrastructure

8. Water Supply: The Delhi Jal Board is the agency responsible with provision of water. The River Yamuna, Western Jamuna Canal, the Upper Ganga Canal are the main sources of water supply in Delhi. Ground water dependence has also increased over time. The present water availability of 783 MGD is inadequate when compared to the estimated requirement of 1104. Additional requirements are estimated to be in the order of 220 mgd and 460 mgd by 2011 and 2021 respectively. Water treatment capacity is inadequate. There are about 15.5 lakh water connections. About 11500 public stand posts are provided. Water is supplied to consumers for 2-3 hours duration. Some areas receive water for longer duration. As per the report DJB is able to meet the water requirement of about 60-65% of slum dwellers. Water leakages are estimated to be to the tune of 40%. With addition of unbilled water, the proportion of unaccounted has been stated to be about 50%. Population and area coverage figures are not given explicitly. Water quality is emerging as an issue (presence of Iron and ammonia in certain cases). Rainwater harvesting is taken up. Water meters exist.

9. Key issues identified are:
   a. Need for interstate agreements with neighboring states in matters of resource sharing
   b. Capacity augmentation
   c. System Inefficiencies
   d. Distribution inequalities
   e. Quality Risk
   f. Promotion of water conservation policies
   g. Pricing and cost recovery

10. Water tariff is in two parts, fixed access charges and volumetric water consumption charges. Differential rates are charged based on category (type of premises- residential, non-residential type 1 and 2) and quantity. Further, 50% of water consumption charges are included in water bill on account of sewer maintenance charges.

11. The Delhi Jal Board is responsible for providing sewerage facility in Delhi. However, DJB's role is limited to MCD area for operation and maintenance of the system. NDMC and Cantonment Board operate the systems in their respective areas. As per the details presented in chapter 9, wide network of wastewater collection system exists in most parts with exception of few unauthorized colonies and rural villages. The system covers about 65% of the population. In terms of treatment, the requirement is in the order of 800 mgd capacity, while the present installed capacity is 512 mgd. An effort to provide sanitation facilities in JJ clusters was initiated in 1987. The report notes that due to non-availability of land, coverage of JJ clusters has not been adequate. In such areas storm water drainage system is used illegally for discharging domestic waste water. In rural areas partial onsite treatment is provided. Key issues identified are: Inadequate capacity, system inefficiencies, use of storm drainage to dispose waste water and collection and disposal of industrial waste. Need for supply of uninterrupted power supply is highlighted both in the case of water supply and sewerage system operations.

12. With regard to storm water management, the report notes 'it is very complex task to have a detailed overview of the overall drainage situation and translate this into a workable comprehensive drainage plan'. The Irrigation and Flood Control department, DJB, the three municipal corporations are responsible in provision of storm drainage facilities. The poor condition of drains, intermixing of waste water and storm drainage are some of the issues raised in the report. The plan recommends creation of one other agency, appropriate drainage authority.

13. Transport system of Delhi consists of a well developed transport network system with rings and radials, and a large fleet of buses. Suburban rail and MRT systems exist, though the role at present is marginal. With rapid increase in personalized vehicles the congestion, air quality deterioration and increase in road fatalities are becoming major concerns. Building of flyovers and other road improvements has eased the problems to some extent. Parking is another important issue to be addressed. Lack of facilities for NMV is to be noted. About 15% of the road traffic is external, as per outer cordon survey.

14. About 5600 buses operate in Delhi providing public transport under DTC operation control. The services inefficiencies are large. Ring railway, which was to have taken 12% of

commuter load, the report states, has managed to serve only 1% of the load. Of the total 198.5 km of proposed metro network, 65 kms has been completed at a cost of Rs. 10571 crore. Ridership figures on metro are not given. Multiplicity of agencies is an issue. An agency, Delhi Integrated Multimodal Transport Systems Ltd. (DIMTS) has been setup. An integrated transit plan which includes 6 corridors of metro system over a length of 118.6 kms, HCBS system with 26 corridors over 294 kms, elevated LRT system over 64 kms, Elevated Monorail with 3 corridors (48km) and 2 IRBT corridors covering 44 kms is proposed. Paratransit modes provide for 3% of trips. Interstate terminal locations are also noted as points of congestion. Rapid increase in vehicles, lack of land-use transport integration, inadequate facilities for physically challenged, pedestrians, inadequate parking, multiplicity of agencies, missing user interface are some of the problems highlighted in the report.

15. Solid Waste Management. The three local bodies are responsible agencies for solid waste management in their respective jurisdictional areas. A large staff is deployed by these agencies to collect the waste. Private agencies have also been involved to achieve efficiency gains. The details of door-to door collection are not provided. Rag-picking is widely prevalent and the conditions under which this is carried out are very poor. The quantity of construction and demolition debris varies from season to season (440tpd to 2900 tpd). MCD levies a fee of Rs. 250/tonne of waste disposed. A system to collect and dispose C&D waste is under consideration. This also involves exploring market for processed waste. Continued use of open dustbins, open vehicles for transport, un-segregated waste disposal and land availability for sanitary dump sites are some of the issues to be addressed as part of the plan.

16. Institutional arrangements in Delhi are very complex. The Union government agencies, state government and urban local bodies (NDMC, DMC and Cantonment) are involved in city management. In addition to ULBs there are 14 union and state government agencies performing development management and regulatory functions. Overlapping jurisdiction is a major problem. As a result the role of the local bodies gets limited both in terms of range of functions and delivery performance.

17. Urban finance. The analysis covers finances of MCD, NDMC and DJB. MCD maintains its accounts on cash basis. Revenue account is more pr less balanced and is about Rs.2000 Crores. The incomes have not grown significantly during the past five years. Taxes, which contribute to 56% of income, have remained more or less stagnant. Property tax, the single largest source, contributes to over 40% of revenue income. Recovery rates are low. On the capital account, MCD's average expenditure has been about Rs. 600 to 775 Crores. The capital account has shown a surplus (Rs. 120 -180 crores) indicating capacity limits. The

expenditure on general supervision, collection of revenues etc., is high (65%) and has increased during the past five years indicating growing inadequacies. The other corporation, NDMC, given its size, has a large revenue income size (over Rs. 1000 crores). However, over 55% of this comes from electricity sales operations. The corporation has been generating some revenue surpluses. The establishment expenditure is in the order of about 30-35%. The finances of the Delhi Jal Board are under severe strain. DKB is dependent on the state government for its operational expenses. Some tables in this chapter appear incorrect (DJB finances). Infrastructure sector wise cost recovery performances are not provided.

18. Consultations: Revised report provides details of consultative process. The stakeholder group includes elected public representatives, heads of government departments, NGOs, Trade/business/industry Associations, Welfare Associations, Urban Poor (through focus group discussions) and professional bodies. The document is still not available for public review as part of the city's website! Given the city's size and significance, more broad based consultations would have been of useful.

19. Vision and Strategies: Based on the city assessment (SWOT) and discussions with various stakeholders public representatives and officers, the stated city vision (Mission) is: "To become a highly livable city that offers a superior quality of life through a robust, employment generating economy; that is safe and inclusive, environmentally and socially sustainable; and is based on reliable infrastructure and offers a transparent, responsive system of governance dedicated to the city's felt needs".

20. A set of strategies by sectors has been presented. With regard to urban economy the report suggests broad set of actions to promote growth with focus on IT&ITES, Life Style,

21. Infrastructure development focuses on bridging the gaps and providing for additional requirements during the mission period and beyond. The needs of urban poor areas have also been included for provision of infrastructure. Attempt to include master plan proposals in the CDP has also been made. Physical requirements have been converted into investment plan. The plan has been phased out as short (JNNURM Period), medium and long term. Largely basic respective sector Master Plans, a sector and agency wise investment requirements have been estimated. Total estimated investment requirement to meet with requirement unto 2021 is Rs. 53166 Crores. The requirement for Mission period (2007-2012) is estimated at Rs. 24140 Crores. Distribution of proposed investment across sectors is presented below. Overall investment plan is skewed in favour of certain sectors. The estimates for certain sectors appear to be on the lower side.

	Sector	Investment Requirement	%ge
	Sub-Mission-1	19740	81.8
1	Water Supply	1632	6.8
2	Sewerage System	2755	11.4
3	Road Network & Transport	13487	55.9
4	Storm Water Drainage	231	1.0
5	Solidwaste Management	593	2.5
6	Urban Heritage	582	2.4
7	Urban environment	431	1.8
8	Urban Governance	9	0.0
9	Other Projects	20	0.1
	Sub-Mission-2		
10	Urban Poor, Slums and Housing	4400	18.2
	Total	24140	100.0

Note: Investment requirements for transport excludes metro project.

22. Investment Sustainability: In all there are 20 agencies involved in implementation of the plan. The investment sustainability analysis is partial. Financial Operating Plans (FOP) have been prepared for DJB, MCD and NDMC. These together are responsible for execution of 30% of the total investment. Revenue forecasts are optimistic. MCD revenue income is estimated to increase from Rs. 2019 crores in 2005-6 to Rs. 5098 Crores by 2011-12. Similarly a three fold increase in DJB income has been forecasted.

Rs in Crore

	Agency	Cost	%		Agency	Cost	%
1	DDA	1199	5.0	11	PWD	4988	20.7
2	DMTS	6505	27.0	12	Revenue Dept.	5	0.0
3	DJB	4385	18.2	13	Slum Department	2111	8.8
4	DJB & NGO	16	0.1	14	STA	13	0.1
5	DSIDC	587	2.4	15	Traffic Police	3	0.0
6	Forest Department	7.7	0.0	16	UDD	24	0.1
7	Government/PVT	23	0.1	17	INTACH	4	0.0
8	MCD	2780	11.5	18	GNCTD	228	0.9
9	NDMC	88	0.4	19	DTTDC	80	0.3
10	Private	1033	4.3	20	ASI	43	0.2
					Total	24122.7	100.0

23. Governance: A detailed account of governance issues as presented by the state government is given below.

1. Regularity in holding of Elections: After 74th Amendment of the Constitution in the year 1991, regular elections were held as due in the year 1992, 1997, 2002 and 2007 within the expiry of 5 years.

2. Constitution of Ward Committees: Before last election in the month of April 2007 Municipal Corporation of Delhi the No. of Wards in MCD had been increased to 272. At

present, there is no Ward Committee in Delhi Municipal Corporation while there exists on Wards Committees/Zonal Committees in each 12 Zones of the Corporation.

3. Instances of dissolution, if any, under Article 243U during the past one year or since the launching of the JNNURM: There is no instance of dissolution under Article 243U after 1992.

4. Whether there has been any hiatus at all between the completion of a municipality's term of 5 years and the holding of elections thereafter? No such hiatus occurred.

5. Devolution of Planning Functions: No, since the subject 'land' is with the Central Govt, the job of preparation of spatial plans has been entrusted to the DDA working under the direct control of Ministry of Urban Development Govt. of India, all spatial plans are being prepared by DDA. However, ULBs are involved in preparation of Zonal Area Plan. The Building permissions are being given by the ULBs. DDA also gives building permissions in the development areas before those are handover to ULBs for management of basic amenities.

6. Establishment of DPC/MPC: Delhi has been exempted on the provision Article 243ZD and 243ZE.

7. Repeal of Land (Ceiling & Regulations) Act 1976: It has already been repealed.

8. Rent Control Act: Pertains to Ministry of Urban development, Govt. of India.

9. Stamp Duty Acts: In Delhi Stamp Duty has been revised in the year 2003. At present the Stamp Duty is 5% + 3% (Transfer Duty).

10. E-Governance: It is operational. Efforts are being undertaken for strengthening at the ULB level.

Summary and Recommendation

24. The report provides information on various developmental aspects of Delhi and presents a long list of projects. While the document serves the limited purpose as a basis for identifying investment projects in priority sectors for funding under JNNURM, it requires significant improvement to be termed as a 'City Development Plan' for the capital city, Delhi.

25. An elaborate investment plan exists and the investments have been prioritized. For a city of Delhi's size and significance, the level and content of peoples' participation has been very limited. The plan is not available on the website for public to review. The plan is recommended for approval subject to following considerations:

a. The plan must be made accessible for public view through official website. Also the proposals to be given wide publicity and suggestions from public are to be invited.

b. Consultations (at least one round in the interim) to be held involving institutions, individuals and non-governmental organizations working in the developmental activities to discuss the proposals, priorities the first year projects to be posed for support under JNNURM. A summary of outcomes may be submitted as addendum to the report for consideration by MOUD, GOI, as the basis for support under JNNURM during the period 2007-08.

c. The plan proposals need formal approval from the councils of urban local bodies.

d. The plan proposals need approval from other participating agencies.

26. A revised document is to be submitted within a period of one year after addressing the limitations in the CDP.

Mumbai: City Development Plan (CDP) 2006

The following points may lead to formulation of an audit focus while reviewing the City Development Plan of Mumbai.

- The Government of Maharashtra has NOT completed the MOA/reform agenda as applicable to the state government. It is essential that the Government of Maharashtra commits itself, with an acceptable time table, to the reform agenda in order that Mumbai is able to access the JNNURM funds.
- b) The reform agenda needs to be filled in with additional details on what the MCGM would do to implement the reforms, from year 1 onwards.

Mumbai: City Development Plan (CDP) 2006-An Appraisal Report

Source: www.jnnurm.nic.in/cdp_apprep_pdf/CDP_Apprisals_Nipfp/CDP-Mumbai.pdf.

1. The City Development Plan (CDP) presents a comprehensive account of Mumbai's growth trajectory, of its economic and social composition, and its infrastructure and environment status. The CDP explains the role of the Municipal Corporation of Greater Mumbai (MCGM) in the provision and management of city's infrastructure and services, together with those of the Mumbai Metropolitan Regional Development Authority (MMRDA), Slum Redevelopment Authority (SRA), and Maharashtra Housing and Area Development Authority (MHADA), in the spheres of infrastructure development and of land and housing development and redevelopment. The CDP discusses, in sufficient detail, the finances of the MCGM.

The City Development Plan (CDP) provides details of a vision for Mumbai's future development, with strategies that are focused on economic development, infrastructure development, housing, land use and development control, urban transport, environmental management and sanitation, and city beautification and tourism promotion. The CDP also gives an outline of the projects together with their estimated costs and indicative time-frame.

The CDP is thus adequate in terms of coverage.

2. A few facts emerging from the analysis of the existing situation and bearing directly on the vision and strategies are important to underline -

- Mumbai's demographic growth has declined substantially in recent decades. Moreover, much of the recent population growth has been absorbed in the suburban areas of Mumbai.
- The economy of Mumbai is stagnating, with little expansion in the formal sector employment. Closure of the textile industry, growing competition from other cities,

and infrastructure and governance constraints are cited as possible reasons for the economic slowdown.

- 54% of Mumbai's population live in about 1950 `slums' which are located both on pubic ad private lands and lack basic services.
- The city is characterised by large infrastructure deficits - 2-6 hours of water supply; poor condition of transmission and distribution system, 35% of households without sanitation, old storm water drainage network which cannot take a rain intensity of more than 25 min/hour, average travel speed (proxy for road efficiency) of 6-8 kms/hour, drainage capacity limited to carrying 50% of the potential sewage; the CDP admits of a substantial decline in the quality of life, attributing it to these deficits and growing number of people living in slums. There has been little renewal or replacement of city-based infrastructure, with the result that the city is forced to manage with infrastructure assets which are aged and which operate at sub-optimal efficiency.

3. The Municipal Corporation of Greater Mumbai (MCGM) is central to the city's infrastructure management. It is the largest corporation in the country in terms of its functional responsibilities as also for its revenue-raising powers. It is responsible for functions such as public transport, health, education and, power distribution which are over and above the functions enumerated in the 12th Schedule. Of the 12th Schedule functions, the MCGM is endowed with all but urban planning, town planning, and regulation of land uses. An important point to note is that there are at least three other institutions which play a key role in the planning and development of the Mumbai Metro Region (MMR), its infrastructure, and housing and land, these being, the Slum Redevelopment Authority (SRA) which is responsible for the redevelopment of slums; MMRDA which has responsibility for planning and development of the MMR (it is not a municipal body, but it works in spheres that are municipal functional areas) and MHADA whose responsibility is to provide housing, especially for the poor. The MMRDA has been involved in special projects like Bandra-Kurla and mill area redevelopment plan for the Mumbai region.

Prima facia, this institutional set-up and arrangement is at variance with what is sought under the provisions of the 74t^{h} Amendment, 12th Schedule. Seen, however, in the context of a metropolis of the size and complexity of Mumbai, this arrangement that divides up renewal and redevelopment, urban planning and land use regulation within Mumbai and its environs between different agencies, including the setting up of a dedicated Slum Redevelopment Authority may not be out of place. Slums occupy 54% of Mumbai's population. Any upgradation and redevelopment of areas occupied by 6-7 million persons involving even resettlement require dedicated attention. Similarly, the engagement of MMRDA with the primary responsibility of planning the metropolitan region, i.e., going

beyond jurisdiction of the MCGM and simultaneously assuming responsibility for the development and redevelopment of specific areas within the MCGM, may not, at least in the short run, be viewed as a violation of the spirit of the 74th Amendment. These agencies supplement the mandate of the MCGM; what is central is to have a mechanism to coordinate the activities of these agencies with those of the MCGM and gradually put the MCGM in a pivotal position in respect of planning and development functions falling within its jurisdiction.

4. The CDP bring out the fact that there are major large governance issues in Mumbai, which have affected its efficiency and competitiveness. The CDP estimates that compared with other metro-cities, it takes more time in Mumbai to process building plans or applications for sharing businesses and industry, registration of property, construction regulation etc. It has increased transaction costs, and put Mumbai at a disadvantage vis-à-vis other cities. The CDP attribute this is a complex system of laws and institutions and procedures.

5. A key issue that the CDP has highlights relates to the redevelopment and renewal of older areas as also those that are related to upgradation etc. The CDP points out that land use planning in the Development Plan. It underlines the point that for any renewal or upgradation to take place, the main incentive that will work is an increase in the FSI. This is the instrument that facilitates renewal and redevelopment of e.g., the slum areas or the areas vacated by the sick textile mills. The instrument of FSI is an important aspect of Mumbai's future development. The Government/MCGM have in place a multi-pronged strategy for increasing the housing stock, and addressing issues of slums including their redevelopment and rehabilitation, of mill areas, and dilapidated building.

6. The city government's revenue base consists of octroi, property taxes, and water-related taxes and charges. A greater part of the revenues are drawn from octroi. Although revenues from property taxes have risen in recent years, and the reported collection efficiency is in excess of 85%, these are far below the potential from this source. Rent control and disputed tax assessment are said to be the key factors hindering proper use of property taxes. Water is a surplus-generating activity in Mumbai, explained mainly by the fact that tariff for non-domestic uses is several times the tariff for domestic uses. It needs to be pointed out that a surplus in the midst of leakages of the order of 20% and per capita water supply levels of 40

ltr for a substantial number of house-holds is a matter of concern to which the MCMG needs to give attention. In the aggregate, the MCMG has a surplus and is able to use it for augmenting city-level services. Of the six budgets, two of them are accrual-based and double-entry. The MCMG proposes to move other budgets too on an accrual basis.

7. The CDP presents details of Mumbai's future vision. Drawn from the Mckinsy's report, the vision is to make Mumbai a "world class city" in the next 10-15 years. For this, the CDP visualizes action on two fronts economic growth and quality of life. The vision focuses on six key areas, viz – economic growth, transportation, housing (reducing the number of people living in slums), infrastructure, finance (reduce administrative expenditures), and governance (transaction cost reduction). The CDP recommends in addition, city beautification and tourism promotion and optimal land use and development control. It points out to several key policy initiatives that are under consideration of the Government of Maharashtra and other key stakeholders agencies. These include, among others, (I) revision of the development plan for Greater Mumbai that will support economic development as well as meet the pressing needs of the city in terms of better housing, and infrastructure and services, and (ii) relaxation of CRZ regulations for Mumbai to facilitate permissible use for planned development.

8. The CDP gives a list of projects that it proposes to take up on a priority basis. These relate to civic infrastructure (storm water drainage, water supply, sewage disposal, water distribution system,, soiled waste management river development), urban transport (ongoing and new), financial services SEZ housing, housing and slum development including the reconstruction of cessed buildings and redevelopment of Dharavi, city beautification and tourism promotion, health and education infrastructure, and tourism development, and tourist development. For many of the projects, the cost's are still to be determined. The CDP further points out that these are not the only priorities for Mumbai; a comprehensive list of projects for Mumbai is being evolved as several studies are underway for projectisation. These projects shall be updated on an annual basis in the CDP to reflect the prioritization.

9. The Plan has given an account of the reform measures that the MCGM has initiated in the spheres of -

i Accounting reforms

ii Scaling up service delivery

iii water audit study for unaccounted for water (UFW)

iv E-governance

v property tax on GIS format and a proposed to set up a Settlements Advisory Board

vi revision in user charges for water

vii earmarking of budget for the poor.

10. The process of preparing the CDP is unclear. The CDP points out that the Chief Minister of Maharashtra constituted a Task Force to prepare an Action Plan for the development of Mumbai, based on the Vision Mumbai Document. The CDP has made extensive use of the Mckinsy's report. The roles played by the MCGM and other stakeholders are not evident.

Recommendation:

The CDP of Mumbai provides a reasonably **sound** basis for identifying projects and preparing the DPRs.

11. The Government of Maharashtra has NOT completed the MOA/reform agenda as applicable to the state government. It is essential that the Government of Maharashtra commits itself, with an acceptable time table, to the reform agenda in order that Mumbai (and other cities) are able to access the JNNURM funds.

12. The commitment of the MCGM to the city-level reform agenda is in the **right** direction. Mumbai's growth trajectory, as explained in the CDP, stands blocked on account of high transaction costs, ageing infrastructural network; inadequate use of property taxes the MCGM's agenda attempts to address these issues.

13. The reform agenda needs to be filled in with additional details on what the MCGM would do to implement the reforms, **from year 1** onwards.

14. There are three areas where the MCGM should focus on preparing **strategy papers.**

a. Property related issues:

The MCMG/state government has initiated a multi-pronged action to address property-related issues, which include moving on to capital valuation for assessing property values, establishment of a Settlements Authority for settling property tax disputes, using FSI as an instrument for redevelopment of mill areas, slums etc, and putting in place an automated system for processing building plan applications. Some of these issues are a part of the MRTP Act; others of the Development Control Rules; and still others a part of

the Corporation Act and other statutes. It is important that these issues are looked at in their totality and areas of possible conflicts and overlap are identified and addressed.

b. Water sector reform.

While the MCGM posts a surplus on water account, there is no denying of the fact that all is not well with the water sector – 2-6 hrs of supply in a city which is aiming to become a world class city; leakages of 23%; non-functioning meters, inequitable distribution of water between different classes, and a tariff structure which places industry and business at a disadvantage. It will be useful to develop a proper strategy that allows 'user charge' and other reform constituents such as services to the poor be so designed that is able to effectively deal with these problems.

c. The process of preparing the CDP as stated earlier is unclear. It is also unclear if this CDP has been endorsed by the Corporation's Council. Likewise, the role of civil society groups and of industry and business (unless the Task Force is assumed to represent them) needs to be property stated.

15. It has been pointed out in the appraisal report, that the issues of urban planning being a local responsibility as per the 74th Constitutional amendment vis-à-vis the present arrangement in the context of Mumbai should not be used to reject the Mumbai's claim to JNNURM funds. We recognize the existing arrangement is not compatible with the 12th Schedule; at the same time, the enormity of the problem of slums and the scale of operations involved in redevelopment, combined with the fact that Mumbai is an island city justify the roles played by MMRDA and SRA.

Recommendation:

Subject to the observations made above, the MCMG's reform agenda may be taken as a step in the right direction.

Bangalore City Development Plan - 2006

The following points may lead to formulation of an audit focus while reviewing the City Development Plan of Bangalore.

- Functional domain of agencies involved in city development initiatives should be described along with potential problems in implementation of projects.
- A more sound methodology for population projections is required.
- A sector-wise analysis for the past 5 years of service gaps, financial constraints, cost estimates and cost recovery in the areas of water supply, drainage, sanitation, solid waste management, roads and streetlights, is required.
- The status of the urban poor with respect to access to housing, amenities and civic services and an assessment of the financial requirements for improving coverage is to be examined.
- In the Financial Operating Plan, it is not shown how revenues are expected to grow and the extent of contributions expected from the state government and the ULBs for various projects

Bangalore City Development Plan - 2006 – Extracts from the Appraisal Report

Source:www.jnnurm.nic.in/cdp_apprep_pdf/CDP_Apprisal_IM/BANGALORE_IIM.pdf

1. Summary

The Indian Institute of Management, Ahmedabad, was asked to evaluate the City Development Plan (CDP) of the city of Bangalore. During the evaluation process we have interacted extensively with senior officers of the Karnataka Urban Infrastructure Development & Finance Corporation (KUIDFC), the Bangalore Mahanagar Palike (BMP), as well as the consultants who have prepared the CDP. Briefly, the process involved was as follows:

1. A preliminary draft report of the CDP was submitted to us in the last week of June. We held discussions with the Bangalore team in Ahmedabad on 4th July 2006. The meeting was attended by Mr. Gaurav Gupta, IAS, Additional Commissioner – BMP, Dr. J. V. Nandana Kumar of KUIDFC and the consultants (iDeCK). The shortcomings of the report were conveyed to them and the appropriate format, as per the JNNURM guidelines, was also explained to them.
2. A revised draft report of the CDP was submitted to us in the third week of July, 2006.

Although this was an improved document, it still was not satisfactory because of problems in the methodology of needs assessment and future projections as well as other shortcomings. This feedback was given to the consultants.

3. A final draft report was submitted to us during the third week of August, 2006. This report was found to be satisfactory; however there were several minor corrections that needed to be made. The feedback was given to the nodal agency KUIDFC. Subsequently we have received the corrected final report through the Ministry of Urban Development (NURM Directorate). In our considered opinion, the final version of the CDP of Bangalore is satisfactory and has our approval.

2. Preliminary Draft Report

The preliminary draft report had many deficiencies. These are described below:

a. Demographic data was not well presented. There was confusion between the aggregate data for the Bangalore Urban Agglomeration and its components. Future projections were not sound.

b. The sections on city structure, economy and status of infrastructure needed to be substantially improved.

c. The description of stakeholder consultation process was inadequate and not well presented.

d. The write-up on the vision statement had many grammatical errors and it was repetitive. The presentation was very poor.

e. The chapters on the local economy and urban renewal needed substantial improvement.

f. The analysis of existing situation, service levels and future requirements of infrastructure for water supply, sewerage, and solid waste management was very weak. It lacked appropriate data as well as methodology.

g. Overall the report was not at all satisfactory and needed major rewriting. The consultants were advised to refer again to the JNNURM guidelines.

3. Revised Draft Report

The revised draft report submitted by the consultants still had several of the deficiencies identified earlier. Detailed feedback was provided to the consultants on each chapter. They were asked to focus on the following aspects of the report:

a. In-depth analysis of the existing situation should be provided.

b. Explanation of physical and financial deficiencies should be provided.

c. The perspectives that led to the formulation of the vision for the CDP should be discussed.

d. Functional domain of agencies involved in city development initiatives should be described along with potential problems in implementation of projects.
e. A more sound methodology for population projections is required.
f. Include sector-wise analysis for the past 5 years of service gaps, financial constraints, cost estimates and cost recovery in the areas of water supply, drainage, sanitation, solid waste management, roads and streetlights.
g. Examine the status of urban poor with respect to access to housing, amenities and civic services and assess the financial requirements for improving coverage.
h. Relate proposed projects to the CDP goals and objectives as well as to the analysis of existing situation.
i. In the Financial Operating Plan, show how revenues are expected to grow and the contribution expected from the state government and the ULBs for various projects
j. Show the prioritization of projects on a timeline
k. Describe the stakeholder consultation process in greater detail and show how the inputs received from them were incorporated in the city's vision.
l. Discuss the city's commitment to reforms identified under the JNNURM.

4. Final Draft Report

The final draft report of the CDP was a major improvement over the earlier reports. Most of the points made by us in our feedback had been adequately addressed. We went through the report carefully and identified the errors as well as any other shortcomings. These were conveyed to the KUIDFC and the consultants.

Subsequently, they have incorporated our suggestions and made the necessary corrections. Our observations and the corresponding changes made in the report are annexed below in tabular form (Compliance Report).

We have gone through the final version of the CDP of Bangalore that has been submitted to the Ministry of Urban Development (NURM Directorate). This report is satisfactory and has our approval.

FREQUENTLY ASKED QUESTIONS ON JNNURM

QUESTION	ANSWER
What support to the Urban Local Bodies shall be available for implementation of reforms related to MIS, GIS, and Accounting Reforms?	Financial support shall be available under National Mission Mode Project on e-Governance in Municipalities and Capacity Building under Jawaharlal Nehru National Urban Renewal Mission.
Can Detailed Project Proposals be sent to Mission Directorate without CDP?	No. DPRs will not be entertained without CDP.
Can CDP be revised after its initial submission?	The CDPs submitted to the Mission Directorate shall be taken up for appraisal and revisions may be carried out if necessary subsequently. However, attempt should be made to submit good quality CDP to expedite the process of sanction.
Would the CDP be a statutory document or a techno-financial document?	Jawaharlal Nehru National Urban Renewal Mission does not require the CDP to be statutory document but it must be ensured that they are not inconsistent with other statutory documents like master plan.
What is the relationship between master plan and CDP?	Master Plan is a spatial document. CDP is a far more comprehensive vision document and would subsume the master plan. CDP should indicate the direction in which the city would like to move on.
Will the Ministry of Urban Development consider proposals from Cities where elected Governments are not in place in due to reasons beyond the control of Government?	The State Governments can submit proposals from Cities along with commitment to hold elections within stipulated period.
How would the Ministry ensure that State Governments would actually provide for funds in accordance with the laid down financing pattern?	The Ministry will ensure adequate provision in the budget of the states and assured availability of funds with State Level Nodal Agencies before release of central assistance.
How will the Ministry monitor implementation?	The Ministry will oversee implementation through its own officers and outsourcing monitoring to outside agencies.
Is there any cap on size of projects under Jawaharlal Nehru National Urban Renewal Mission?	No. There is no cap on size of projects.
What is the extent of funds available for each city under the UIDSSMT?	Funds under UIDSSMT shall be allocated on the basis of urban population of the State to the total urban population in the country.

Is it possible to prepare a CDP within such a short time as preparing a Master Plan takes several years and a CDP is more complex than a Master Plan?	Many Cities have been able to prepare the CDP and are in the process of submitting them.
Whether the cost of land acquisition could be covered in other States also and not just in the North Eastern and the hilly states?	The guidelines of Jawaharlal Nehru National Urban Renewal Mission do not permit so.
What would be the mechanism for persuading the ULBs to accept the reforms programme? In case the ULB does not fund its component of the cost, would it have to be funded by the State Government / parastatals that is providing the particular service?	Reforms suggested under Jawaharlal Nehru National Urban Renewal Mission are in the interest of the Urban Local Bodies. The Mission helps the ULBs to undertake these reforms by providing them necessary assistance. States can put in the share of ULBs if they want to.
What is meant by renewal of old/inner city areas?	Renewal of old city areas means decongestion by shifting of possible activities outside these areas and improvement /augmentation of old and outdated infrastructure.
Whether city forests could be taken up?	City Forests are not covered in thrust areas of the Mission. However, such activities can be taken up in special category states where soil erosion and land slides are common.
Whether CDP is a requirement for the UIDSSMT?	No. However, it is in the interest of the Cities to prepare CDPs.
Would loss of revenue due to lowering of stamp duty compensated?	This is an unlikely scenario in the long run as the reforms are intended to transform the ULBs into self sustaining entities.
Will the Ministry of Urban Development provide list of Consultants for preparation of CDPs/DPRs? Will such a list be mandatory?	Ministry of Urban Development has empanelled consultants for preparation of CDPs. However, selection and due process shall continue to be responsibility of the Urban Local Bodies. The list of empanelled consultants is only facilitative in nature and State Governments are free to select any consultant outside the list of empanelled consultants brought out by Ministry of Urban Development.
Would the CDP be a statutory document or a techno-financial document?	Jawaharlal Nehru National Urban Renewal Mission does not require the CDP to be statutory document but it must be ensured that they are not inconsistent with master plan.

Reforming Delivery of Urban Services in Developing Countries

Evidence from a Case Study in India

Given the importance of urban public services in attracting firm location, increasing employment and facilitating economic growth, this paper takes up Ludhiana as a case study as to whether there is a need for reforming public service delivery when judged against national benchmarks and if there is a relationship between the city's financial performance and its delivery of urban services. The paper finds that user charges do not adequately cover the production costs of supplying water or expenditure on sewerage. The bottlenecks to reforming public service delivery are financial and institutional, as they pertain to existing arrangements for water and sewerage. Possible reform actions to improve service delivery are changes in institutional arrangements for delivery, privatisation, and citizen participation.

KALA SEETHARAM SRIDHAR

Close to half of India's GDP is generated in its urban areas, highlighting their importance in achieving national growth targets. It is estimated that urban population in the country will increase from 28 per cent in 2001 to nearly 50 per cent by 2020. With increasing population and demand for urban infrastructure services, the capacities of local governments in many developing and newly industrialised countries are overburdened. The government of the Republic of Korea estimates that infrastructure shortages result in a GDP loss of as much as 16 per cent of its potential in the mid-1990s [Singh and Ta'i 2000]. It is estimated that losses from traffic jams in Bangkok range from US $272 million to US $1 billion a year. According to India's ministry of urban development (MUD), 20 per cent of the country's urban households are denied access to safe drinking water, 58 per cent do not have safe sanitation, and more than 40 per cent of garbage generated is left uncollected for want of proper waste management. The importance, however, of public services and infrastructure in attracting firm location, increasing employment and facilitating economic growth, is well known [Sridhar 2003; Sridhar 2006; Mani, Pargal and Huq 1996; Sahoo 2000].

To address some of these issues and make cities engines of growth, the government of India (GoI), in its 2005 budget, initiated the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to stimulate urban reform. The objectives of the JNNURM are the integrated development of infrastructure services in selected cities and planned development of identified cities leading to urbanisation in a dispersed manner. Ludhiana in the state of Punjab, is one of 63 cities identified in the country for possible funding under the JNNURM. This case study focuses on Ludhiana's urban services and their reform, since it is representative of many growing cities in developing economies and has lessons and implications for similar cities.

I Objectives

Given the importance of urban public services in facilitating national economic growth in developing economies in this paper examines the following questions: Is there a need for reforming public service delivery in Ludhiana, when judged against national benchmarks? Is there a relationship between the city's financial performance and its delivery of urban services? What are the potential bottlenecks to reform in service delivery? Finally, what are the triggers for reform and reform actions for improving service delivery, if any?

The answers to these questions are critical for many governmental policies as they relate to urban institutions and finances. In India, the 74th constitutional amendment act (1992) recognised urban local bodies (ULBs) as the third tier of government. Despite this, after more than 13 years of this landmark development, a majority of India's cities continue to provide fairly low levels of urban services as summarised by the MUD.

One reason is that city finances are poor. Most of India's cities have now abolished the highly buoyant source of revenue, the octroi, which is now generally accepted to be distortionary in its effects. Further, the property tax base is at best subjective and has not yet become a resilient source of revenue. Under these circumstances, cities in India can access the capital market (as was done by the Ahmedabad Municipal Corporation nearly a decade ago). For infrastructure needs, they will also be able to access funds under the JNNURM, provided they fulfill certain conditions to reform. But if better finances are not going to improve service delivery, then access to capital markets or the JNNURM might not make a difference to service delivery in India's cities. While finances are critical underlying the delivery of any service, it is important to understand whether finances are both a necessary and sufficient condition for sustainable service delivery.

This paper is the outcome of research regarding service delivery, finances and urban management in Ludhiana, which can be used as a benchmark for assessing other cities' public service delivery and for understanding what could trigger the reforms there.

This paper is organised as follows. In Section II, a brief survey of the literature regarding studies of urban public service delivery is provided. Section III quickly describes the study hypotheses. Then the details of the case study follow in Section IV. In the

case study, first, the demography and the economic base of Ludhiana are described in Section IV, since they have implications for consumption of various public services. Section V contains an analysis of whether there is a need for reforming service delivery in the city. Finances and its relationship with service delivery are also discussed here. Section VI explores any potential bottlenecks to the reform process. Section VII analyses possible triggers of the reform process and any reform actions. The final Section VIII summarises the findings, implications for other cities and contains concluding remarks.

II
Literature Review

While the literature on urban service delivery is vast, only relevant studies are summarised here. Given the importance of water supply, we find that a majority of studies on urban public services focus on water supply since it is of most importance at the local level.

A study by the University of Birmingham (1999) based on 35 urban centres in India finds that private sector participation is unlikely to have a significant impact on delivery of public services such as water supply in the medium term because of too many vested interests in the existing institutional patterns. This research suggests that until there is demand for institutional development from municipalities, which in turn, is generated by demand for better service from customers, there can be no sustainable advances in service delivery.

Expansion and improvement of public services is essential for improving the quality of life and productivity in all developing countries. Fox and Edmiston (2000) find how some African countries have been diligent in expanding the infrastructure necessary to provide public services but unfortunately, most have not done a very good job of paying for them. They present a case study of water supply services in Egypt, which highlights the importance of user charges to enable expansion of coverage of water supply services, since taxes or intergovernmental revenues are less likely to provide a consistent funding source as competing uses can diminish available resources. Based on survey data from Lagos, Reedy (1986) found that many participants did not have access to public water supply because the supply authority could not afford to expand service delivery.

There are several studies of urban service delivery in cities of India. Sridhar, Mathur and Nandy (2006) examine whether the solution to better public service delivery in India's cities should be to close cities to migration or correct the under-pricing of services. They estimate the marginal costs of providing a kilo litre of water supply in several of India's cities to be in the range of Rs 2.77 to Rs 5.08 and find that a few large (million-plus) cities are indeed under-pricing their water, so closing the cities to migration to firms or households might not be the solution.

Rao and Agarwal (1991) estimate unit costs of five public services – administrative services, police services, primary education, secondary education, and public health – and their expenditure needs in the Indian states. Based on their state-level analysis they find that in order to ensure even average levels of the services they examine, a sizeable increase in transfers to poorer states would be required.

Zérah (2002) reports findings from a household survey in Vijayawada (a city with 2001 population of 8,00,000 in Andhra Pradesh). That survey indicated that 77 per cent of the city's households considered water to be cheap or very cheap. In the project zone, household willingness to pay was, in fact, more than one and a half the average times the existing charges, testifying for the sustainability of water charges as a means of financing investment.

Raju, Praveen and Anand (2004) study the resources and management constraints in providing adequate and safe drinking water supplies in a medium sized city, Kolar in Karnataka. They find that (a) though 66 per cent of the city's households had piped water supply, 68 per cent of them had unauthorised connections, thus depriving the exchequer of its revenue; (b) the per capita supply was only one-third of the urban water supply norms; and (c) the city supplies were based on groundwater, which was quite contaminated because of which the households had to depend on more expensive (Rs 100-500 per month) sources, while the public water fee was just Rs 45 per house per month. That study demonstrates how local government apathy often creates a non-optimal situation for the public in the case of water.

For the purposes of this paper, studies that detail efforts to improve service delivery in urban areas, and the possible reasons for their success or failure, focusing on the role of the availability of finance, would be relevant. Savage and Dasgupta (2006) is one such study, which demonstrates how more revenue and infrastructure do not mean better services, in the case of Bangalore. Their data from the Water and Sanitation Programme (2005) show significant revenue increases (accounting for inflation and population) during 1995-2003 for various service providers (Bangalore Mahanagara Palike, Bangalore Water Supply and Sewerage Board (BWSSB), and Bangalore Development Authority (BDA)). However even with this, service outcomes have declined. They point out that there is a need for a city-wide set of reforms that not only entail revenue but also ensure effective expenditure management, new management approaches and the need to focus on specific outcomes.

Summarising, the literature reviewed here shows the need for government involvement and citizen participation in overseeing the provision of basic services, and that privatisation is not a panacea. The existing studies also confirm that user charges enable the provision of a sustainable level of public services such as water supply, taking into account the investment needs required in developing countries to expand coverage.

This case study adds to this literature by focusing on the issue of reforming local public services, and examines the bottlenecks and triggers of such reform, which have not been explored much in the literature, despite the wave of decentralisation that has swept across the globe. The answers to these questions have implications that can serve as input for service delivery reform in cities in many developing countries that are reeling under the negative impact of poor public services and are similar to Ludhiana in many substantive senses.

III
Study Hypotheses

There are certain hypotheses with respect to service delivery and finances that we might a priori test.

The first hypothesis follows from the literature we have reviewed. Cities in which user charges reflect the unit or marginal costs of providing services are able to deliver a more adequate level of the service, when compared to cities where such costs are not covered. This hypothesis assumes that finances (both

capital and revenue expenditures) are important in service delivery outcomes.

Second, irrespective of whether finances are important in service delivery outcomes, it is likely that other factors such as institutional arrangements are likely to impact service delivery (as both bottlenecks and triggers to reform), in the context of countries with multiple tiers of government.

An examination of these hypotheses will enable us to dispel myths about service delivery and finances. If it were found that finances do not affect service delivery, further examination should enable us to focus on other aspects of service delivery. Alternatively, even if finances are important in determining service delivery outcomes, the hypotheses will be able to throw light on other factors that might be equally important in service delivery. Thus, the case study makes an attempt to offer a holistic view of reforms in the delivery of important urban services, in the context of growing and emerging economies.

Since there is usually a multiplicity of meanings attached to the word "reform", here, it is defined as a change for the better, in the form of improvements by correction of defects and errors in local public service delivery.

IV
Case Study of Ludhiana

In the case study, the economic base and demography of the city are described since they have direct implications for the consumption and needs of various public services.

Demography and Economic Base

Ludhiana, the largest city in Punjab is located 300 kilometres north-west of New Delhi. It is strategically located in the middle of Punjab, and is a corridor between Punjab and the rest of the country for the transport of agricultural and industrial products. The city is well known for its industrial growth and is called the Manchester of India. There is considerable industrial activity in the city consisting of cycles, machine tools including sewing machinery, auto spare parts, and hosiery units. Ludhiana produces a large number of bicycles with Hero and Avon being the most popular brands. In hosiery, the city is exporter to Russia, Europe, and other parts of the world.

Ludhiana is one of the three municipal corporations in Punjab with its 2001 census population of 13,98,467. In 1991, the Ludhiana Municipal Corporation (LMC) covered a total area of 135 square kilometres yielding a 1991 density of 7,743 per square kilometre, and a 2001 population density of 8,775 per square kilometre (for an area of 159 square kilometres). The population density of the MC increased from roughly 5,519 per square kilometre in 1981 to 7,743 in 1991. Along with the rapid increase in its population and in-migration, the city has also witnessed tremendous expansion in its area recently. Increases in spatial expansion, as with increases in population, mean that the provision of various services such as water supply, sewerage and sanitation have to be stepped up, even for maintaining a constant level of these services.

The population density of Ludhiana (district) for 2000-01, 804 persons per square kilometre, was also the highest of all districts in the state of Punjab, when compared to the state average of 482.3 per square kilometre. This shows the need for LMC to optimise city efficiencies with respect to the delivery of all local public services.

The annual growth rate of Ludhiana (the city)'s population over 1991-2001 was 2.9 per cent, higher than India's national average for the growth rate of urban population over this period, 2.7 per cent. This somewhat supports the notion that we are looking at a relatively well-performing city, since population is usually attracted by what it perceives to be better economic opportunity in any given area.

According to the 1991 census of India, Ludhiana's occupational structure has a strong manufacturing base. Table 1 summarises Ludhiana (district)'s occupational structure from the 1991 Census. This shows nearly one-fourth of Ludhiana's labour force concentrated in non-household based manufacturing followed by cultivation and agricultural labour. Of course, its occupational structure may have changed now but more recent corresponding census data are not yet available.

Consistent with the census picture, we find other recent data which show a large number of small, medium and large firms in Ludhiana (district)[1] that contribute to total employment and output. Table 2 shows this for the more recent years – 1996 and 2003. While the data shown in Table 2 are cumulative, they indicate that small firms in the district accounted for nearly all (99 per cent of) the firms established during 1996 and 2003. These small units accounted for 85 per cent of all employment created in 1996, and 78 per cent of jobs in 2003. They accounted, however, for a little greater than 40 per cent of total investment and production in 1996 and only 22 per cent of investment in 2003, consistent with the well known fact that small units are labour-intensive rather than capital-intensive.

The city's economic base has implications for various civic services. While the hosiery industry is water-intensive (dyeing), it also is quite polluting. Further, basic knowledge of the inputs and processes of the bicycle, sewing machine and auto spare parts industry demonstrate the need for disposal of waste rubber and scrap metal.

V
Need for Reform in Service Delivery

The need, if any, for reforming service delivery in Ludhiana was assessed on the basis of (a) the actual state of service delivery for important services such as water supply and sewerage, compared with the recommended standards for these services; (b) systemic inefficiencies such as the high levels of unaccounted for water; and (c) long-term irreversible consequences of business as usual, such as contamination of groundwater.

Service Delivery

Water Supply

The main source of water supply in Ludhiana is underground water, which is drawn through shallow and deep tube wells. The institutional arrangement is that while the Punjab Water Supply and Sewerage Board (PWSSB), which is a parastatal agency, undertakes the planning, development and construction of major water and sewer networks, the operation, maintenance and the execution of minor developmental works is provided by the LMC.

The service level statistics for water supply in Ludhiana are summarised in Table 3. The city has the infrastructure capacity

to provide water to the entire population but, overall, only 80 per cent have access to piped water supply (Table 3). As of 1998, only 60 per cent of the city's population was covered by municipal water supply.[2]

None of the private houses have metered water connections, which has implications for water usage. As there is no volumetric consumptive tariff regime, the customers in these locales are generally not concerned about water loss.

When the access of households to water supply in urban Punjab and urban India is compared with that of Ludhiana, the city has above average access, called for by its higher population density. The data in Table 4 for urban Punjab, urban India and LMC, from India's census, 2001, must have been actual data from 1998 or 1999. Data from the PWSSB in Table 3 are local, and recent, from 2003. So while census data show a 69.5 per cent tap water supply access in the LMC, more recent data from PWSSB show an 80 per cent access of population to piped water supply in the LMC. The actual coverage of the city's population with piped water supply is likely to be in the range of 65-70 per cent.

Table 1: Ludhiana (District)'s Occupational Structure

Occupation Category	Employment (in Per Cent)
Cultivation	20.00
Agricultural labour	16.67
Livestock	1.44
Mining	0.00
Household-based Manufacturing	0.48
Manufacturing, non-household-based	25.29
Construction	3.80
Trade and commerce	13.63
Transport and Communications	5.27
Other services	13.41

Source: 1991 Census of India.

Table 2: Industry in Ludhiana (District)

	Small Scale Units*		Medium and Large Units	
	1996	2003	1996	2003
Number of units	26,440	42,704	88	168
Investment (million Rs)	4,919.52	11,168.64	6,958.24	39,045.92
Employment	1,93,220	2,73,593	35,000	75,185
Production (million Rs)	26,414.72	8,2213.6	34,968.48	NA

Note: * According to the ministry of small-scale industries, government of India, a small-scale industrial unit is an industrial undertaking in which investment in fixed assets in plant and machinery does not exceed Rs 10 million.

Source: District Industries Centre, Ludhiana.

Table 3: Service Level Statistics for Water Supply, Ludhiana, 2003

Description of Service	Number or Percentage
Population as per 2001	1440000
Population in 2003	1517000
Total number of houses (2003)	316042
Average number of people per household	4.8
Population having access to piped water supply	1213600
In percentage	80 per cent
Population served by household connections	658000
Population served by stand-posts	18000
Population served by independent institutional set up (Engineering colleges, universities, commercial and industrial establishments)	72000
Total population served	748000
Total number of private houses with metered connection	0
Total number of houses with unmetered connection	137071 (21 per cent of population with household connections, 658,000)
Total number of house connections	137071
Total number of commercial connections	25663
Number of stand posts	350
Number of tube-wells	347
Number of overhead reservoirs and capacity in MLD	63 (38 MLD)
Total length of distribution line (mains and sub-mains) in kms	1467

Source: Punjab Water Supply and Sewerage Board (PWSSB), 2003.

Table 5 shows the compilation of facts as they pertain to water supply. According to the PWSSB, actual average daily production of water in LMC is 284 MLD (million litres daily), out of which only 140.5 MLD is charged. Only 137 MLD is consumed through house connections (which are not metered) in the city.[3] The 137 MLD accounts for a mere 98 LPCD (litres per capita daily), which implies water supply of only about 8-10 hours (Table 5) a day. The lack of continuous supply is due to the fact that ground water has to be pumped up through tube-wells and power is a constraint for this. Further, there could be seasonal variations in the supply, for which data were not available from the PWSSB.

While being above average when compared to the state and that for the country as a whole, the level of water supply is inadequate in the LMC, when compared to desirable benchmarks. The ideal norms for water supply vary greatly across cities and are based on considerations of industrial use, public use, fire demand and losses in transmission, according to the oldest committee on urban services, the Zakaria Committee (1963). It recommends a service level target of 150 LPCD for piped water supply with sewerage (70 LPCD without sewerage), which includes roughly 20 per cent wastage of water.

The actual supply of water consumed in LMC being only 98 LPCD is highly inadequate, taking into account the national ideal supply standard of 135 LPCD or 175 LPCD, accounting for distribution losses, recommended by India's National Commission on Urbanisation or the 150 LPCD recommended by the Zakaria Committee for cities with piped water supply systems with sewerage.

Sewerage

While the Zakaria Committee recommends that for large urban centres (such as LMC), the service level target should be full coverage by sewerage with treatment, a formal sewerage system exists in only half the city's area. Sewage treatment plants are non-existent in the city, with the collected sewage being discharged into the local stream, or the nearest water body. This leads to contamination of the water supply network and also pollutes the aquifer, which serves as a source of the city's water.[4]

Table 6 summarises the level of service for sewerage. It may be noted that only 55 per cent of the city's population have access to a sewerage connection, much less than the coverage for water supply. At present only 10 per cent of the city is covered by storm water drainage facilities. Given the Zakaria Committee's recommendation of 100 per cent coverage of city area, the extent of sewerage access in the LMC is also highly inadequate.

Finances

While the state of the various services emphasises the need for reform, we test the various hypotheses raised at the beginning of the case study, based on a study of Ludhiana's finances.

First, consider the hypothesis that better finances imply better service delivery. Based on theory, we may assume that higher capital rather than revenue expenditures should imply better service delivery. The basis of this assumption seems to be that cities that spend relatively more on establishment, and salaries, when compared with capital expenditures (developmental work), are likely to be inefficient, hence unable to provide a desired level of the service. Capital expenditures may be viewed as providing pure or impure public goods (e g, water, street lights) whereas revenue expenditures (while indirectly facilitating the provision of public goods) most directly provide private goods such as office equipment, wages, and salaries. However, in India, in actual practice, instances of water and sewerage treatment plants that are built but do not function are commonplace. This view therefore seems to focus on the lack of adequate operations and maintenance (O&M) expenditure. Hence, based on both theory and practice, there is some basis to assume that a relationship exists between both capital and revenue expenditures and service delivery.

The bulk of LMC's total expenditure (75 per cent of it) on water supply and sewerage, indeed, constitutes revenue expenditure. This refers to establishment (office furniture, administration, equipment and so forth) and operation and maintenance (O&M) expenses that respectively constituted 27 and 47 per cent of total expenditure in 2003-04. Figure 1 shows the expenditure on water and sewerage by category overtime. In revenue expenditure, O&M expenses have overtaken expenditure on salaries since 2001-02. It might appear that only a small part of LMC's total expenditure on water and sewers (roughly 20 to 22 per cent) is being spent on developmental works and investment in assets (e g, installation of hand pumps). However, while revenue expenditure represented the same proportion in 1997-98 as in 2003-04 (78 and 74 per cent of total expenditure for those years respectively, with the exception of expenditure on electricity for operating tube wells that registered an increase since 2000-01), in 2000-01, there was a spurt in capital expenditure (to 44 per cent of total expenditure from 22 per cent in 1997-98).

Based on the data in Figure 1, the paper examines committed expenditures (such as wages and debt repayments) from discretionary expenditure (the city's preferred choice of expenditure), since it helps to illustrate the constrained choices faced by the LMC. Overtime, the LMC's committed expenditures have constituted only about one-third of its total expenditures, leaving on average nearly two-thirds for its discretionary expenditures such as O&M, electricity, and capital expenditures. Based on this data, it would appear that many ULBs would have liked to spend as much on O&M as the LMC.

Table 4: Access of Households to Water Supply and Toilet Facilities in Ludhiana, Punjab and India, 2001

	Access to Safe Drinking Water	Access to Water within Premises	Access to Tap Water Supply	Access to Tap Water within Premises	Access to Toilet Facility	Access to Toilet within Household
Ludhiana (LMC)	98.52	92.43	69.50	65.81	94.88	83.27
Punjab (urban)	98.88	91.70	66.81	63.44	86.52	82.76
India (urban)	90.01	60.84	68.66	49.68	73.72	57.38

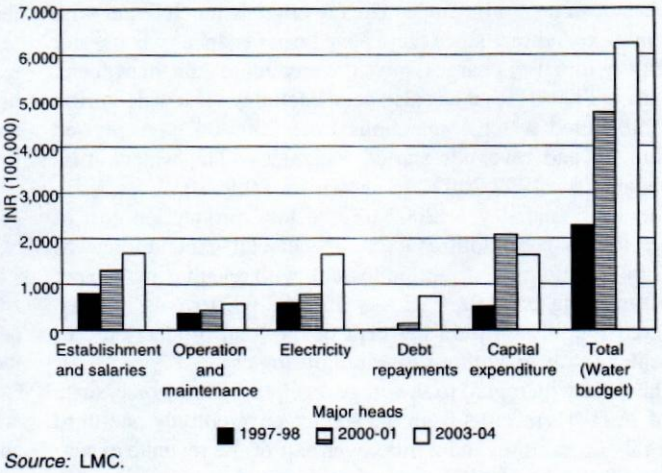
Source: Census of India, 2001.

Table 5: Statistics for Water Supply, Ludhiana, 2003

Description of Service	Level
Actual average daily production of water (MLD)	284
Total average daily water discharge capacity (MLD)	454
Daily water consumption through house connections (MLD)	137
Daily water consumption through handposts (MLD)	3.5
Total average daily water charged (MLD)	140.5
Percentage of water unaccounted for	50.5
Daily water supply duration (hrs)	8-10

Source: Punjab Water Supply and Sewerage Board, 2003.

Figure 1: Expenditure on Water and Sewerage, LMC



Source: LMC.

What do these expenditures mean for service levels? Table 7 summarises the trends in the service levels of various aspects of water supply over 1996-2003. It may be observed that while the actual production and discharge capacity for water supply increased throughout this period, the daily water consumption through house connections registered a decline, we observe a decrease in the daily water supply duration from 12 to 10 hours, a constant increase in the percentage of unaccounted for water, and decrease in the average daily water charged, all since 2000-01, as summarised in Table 7. The only exception is during 1998-2001, when the percentage of unaccounted for water decreased. This is likely due to increases in discretionary (O&M) expenditures on fixing leaking pipes on which the LMC has been able to spend (see discussion above). These findings do not lend support to the hypothesis that the general decline in the service level could be attributed to expenditures, which in fact have increased, post 2000-01.

Now, consider the other part of the hypothesis posed, pertaining to receipts (income) – that, those cities in which user charges reflect the cost of providing the service are in a position to provide better services, judged against certain benchmarks.

Figure 2 shows a comparison across time periods of LMC's revenues (in per capita constant 1997-98 prices). The figure demonstrates some interesting aspects; there is a clear decline in the total per capita revenues of the LMC in 2003-04, when compared to 2000-01. State transfers to LMC have continuously fallen since 1997-98 and the LMC has been self-reliant, dependent heavily on octroi receipts, with octroi accounting for roughly two-thirds of own revenues over time.

However, own revenue receipts in per capita terms have also decreased in 2003-04, relative to their level in 2000-01. Income from capital and other receipts has been negligible.

Table 8 shows the trend in proportion, water receipts have formed of total expenditure and revenue expenditure on water. The table shows that when total expenditure is taken into account,

water receipts covered only 50 per cent a few years ago (in 2001-02) but has been declining since. The coverage is much better with revenue expenditure since there have been instances when water receipts (from user charges) have covered more than 90 per cent, but since 2000-01, that has also been declining. The water tariffs for unmetered water connections from 2003-04 were revised (Table 9), and revenues started increasing. The water tariffs applicable for 1999-2003 are shown in Table 10.

For the financial year 2002-03, the total production cost of water (in Rs per kilolitre) excluding capital expenditure was Rs 2.06 (including distribution losses), with revenue income per kilolitre being only Rs 0.92. As of 2002-03, revenue income covered roughly only 45 per cent of the total production cost of water (with or without distribution losses).

The story with regard to sewerage receipts is even worse, since as of 2003-04, receipts from the service covered only one-third of total expenditure, and a little over half of the revenue expenditure (Table 11). LMC's sewer tariffs are shown in Table 12.

Water and sewerage being basic services, their capital expenditures cannot be covered through user charges but for financially sustainable service delivery, at least the O&M expenditures should be covered. While our hypothesis implies that higher expenditures should lead to better service delivery, in this particular case, the decline in service levels of water supply and sewerage and a decline in expenditures seem to be moving together.

Table 13 summarises the service level for sewerage in LMC. It shows declining levels of population access to sewerage since 1999-2000.[5]

A review of the LMC's financial position thus indicates that there is no room for complacency. It shows that the need for service delivery reform in Ludhiana is financial as well, with the government of Punjab having abolished octroi in the state (effective from September 2006). While the city's committed expenditures are fairly low, and discretionary expenditures are high as a proportion of total expenditure, they do not indicate commensurate increase in expenditure on developmental works to increase the quantum or quality of public services.

Table 6: Service Level Statistics for Sewerage System, Ludhiana, 2003

Description of Service	Proportion/Number Covered
Population access to sewerage in numbers	834350
In percentage	55
Population served through sewer house connection in (numbers)	585928
Population served through soakage pits/septic tanks (in numbers)	849072
Population served by independent institutional sewage (own systems in universities, colleges and so forth) (in numbers)	72000
Population served through conservancy system (in numbers)	10000
Actual number of sewer connections	121985
Number of institutions having independent sewerage system	22
Total average daily sewage flow in MLD	292
Length of outfall sewer (in kilometres)	8
Length of intercepting sewer (in kilometres)	96
Length of lateral/branch sewer (in kilometres)	964
Total length of sewer (in kilometres)	1098

Source: Punjab Water Supply and Sewerage Board, 2003.

VI
Bottlenecks to Reform

The question arises as to why the financial and service delivery performance in Ludhiana has been less than satisfactory, when judged against national benchmarks set by India's National Commission on Urbanisation or the Zakaria Committee, and what are the bottlenecks to better service delivery and reform in this and other similar cities in developing countries.

Institutional Arrangements for Water and Sewerage Services

Despite the importance of financial resources for reforming service delivery, consider the final hypothesis that it is likely that other factors such as institutional arrangements impact service delivery. As a study by the Times Research Foundation (1997) found, there are 17 state-level pieces of legislation and 23 pieces of central legislation that affect the functioning of municipal areas in Punjab. Among many other things, we identified a statutory overlap of functions for planning, preparation and execution of water supply and sewerage schemes with the PWSSB (PWSSB Act, 1976) that also vests with the LMC (as per the Punjab Municipal Corporation Act, 1976), as discussed earlier. This distinction between "major" and "minor" works does not, however, exist in the statute, making the classification of a project as "major" or "minor" arbitrary causing the service to take a "passing the buck" attitude.

Apart from the issue of statutory overlap, sometimes it is desirable to have local autonomy in certain functional areas. It is obvious that the LMC would be in a better position to judge, which localities are served better, and which ones would need infrastructure upgradation or replacement.

Lack of Capacity

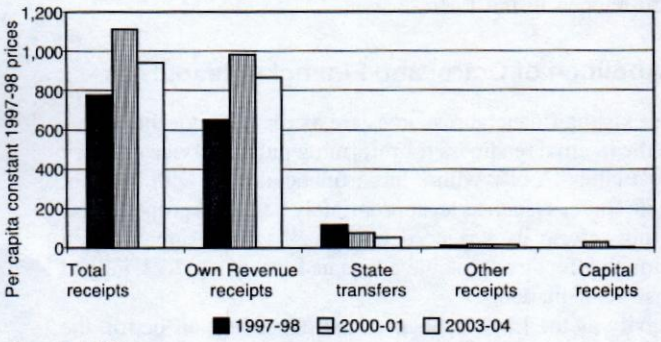
The LMC, however, does not have the financial resources or, more importantly, the technical expertise to execute water supply and sewerage projects independently (which is presumably why the PWSSB is currently entrusted with undertaking work of a capital nature). The technical expertise is lacking, as the proportion of the city's area covered by regular employment is

Table 7: Trends in Water Supply, Ludhiana Municipal Corporation

Description	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
Actual average daily production of water (MLD)	193.05	210.1	234	245	247	258	284
Total average daily water discharge capacity (MLD)	360	360	390	452	484	508	454
Daily water consumption through house connections (MLD)	122.39	133.2	172	184	185	131	137
Daily water consumption through handposts (MLD)	12.79	12.75	6.5	6	3	3.5	3.5
Total average daily water charged (MLD)	135.14	145.95	178.5	178	182	135	140.5
Percentage of water unaccounted for (per cent)	30	30.50	24	25	25	47	50.50
Daily water supply duration (in hours)	12	13	12	13	12	10	10

Source: Punjab Water Supply and Sewerage Board.

Figure 2: LMC Income Per Capita Constant Prices (INR)



Source: LMC.

continually shrinking; the city itself is expanding and retirements do keep occurring.

So what is desirable from an institutional perspective is not readily feasible due to shortages of skills and resources at the local level. Similar institutional overlaps exist with respect to land use in this city [Sridhar 2006], which has led to deterioration in the delivery of this service.

The proliferation of institutions for land use or water supply/ sewerage in this city is, however, by no means, isolated. Local bodies everywhere [Royal Town Planning Institute 2001 for evidence from Ireland; Auzins 2004 for problems faced by the central and east European countries] have a problem with integrating policymaking and implementation. Based on the instance of water supply, there is some evidence for the hypothesis that institutional arrangements negatively impact service delivery in this city.

Inability to Increase User Charges for Services

The absence of appropriate user charges is an impediment to the effective delivery of services [Reedy 1986], consistent with our hypothesis and corroborated by LMC revenues from water and sewerage. A municipal corporation's finances are closely related to the various user charges and other revenue sources that determine the levels and quality of service delivery, as also highlighted by the literature. In India as well, the MUD and JNNURM have also been trying to support a commercial orientation as a financially sustainable approach to service delivery.

Over and above the issue of user charges not adequately covering production costs, the LMC provides public services to unauthorised slums that are not payers of property taxes. There is a need for raising water and other service charges, although in a phased manner, for both domestic and commercial users, if an attempt is made to relate water quality user charge. One expects a mechanism similar to Tiebout voting to work, and forthcoming consumer willingness to pay.

Lack of Planning

In the case of water, the city is faced with the problem of quality. Land use has important effects on the delivery of water/sanitation, given that the main source of water supply in the city is underground water. Heterogeneous land uses are spread through the city; because of this, industry in the city is spatially dispersed. If industrial use had been spatially concentrated, it would have been feasible for a single sewage treatment plant to be set up for effluents of all industrial units. However, given the spatial dispersion of industry, and the lack of a sewage treatment plant, most of the small units discharge their waste water and sewage in openn drains that enter the local stream, whose contamination has affected groundwater quality. This is causing a serious environmental and sanitation hazard and the stream has become a virtual drain.

For solving this problem, the GoI has initiated the project Sutlej Action Plan (SAP) to prevent pollution of the river and to improve its water quality. However, it is obvious that SAP is a short-term solution which treats the outcome, rather than the cause of the problem. The long-run solution is to encourage the spatial concentration of industry, through better zoning and implementation of the comprehensive plan. Zoning and comprehensive planning facilitate the regulation of land use and pollution and make them spatially concentrated. Currently, however, a laissez-faire

Table 8: Trend in Share of Revenues from Water, LMC

Financial Year	Water Own Receipts as Per Cent of Water Total Expenditure	Water own Receipts as Per Cent of Water Revenue Expenditure
1997-98	31.50	37.91
1998-99	45.58	54.27
1999-2000	19.95	37.82
2000-01	48.12	92.50
2001-02	49.14	66.07
2002-03	32.17	44.17
2003-04	40.55	48.35

Source: PWSSB and author's calculations.

Table 9: User Charges for Unmetered Water Connections (Domestic) (Rate in Rupees Per Connection Per Month), 2003-04 onwards

Plot size	2003-04	2004-05	2005-06	2006-07	2007-08
Up to 5 marla*	50	55	60	70	100
5-10 marlas	75	80	90	100	105
10 marlas-1 kanal**	100	110	120	130	140
1 kanal and above	Only metered connections***				

*1 marla=30.25 square yards
**1 kanal = 20 marlas
***Metered connection charges (applicable for commercial, industrial and institutional connections):
2003-04 (rate per kilo litre per month): Rs 2.00
2004-05 (rate per kilo litre per month): Rs 2.60.
Source: Punjab Department of Local Government.

Table 10: User Charges for Unmetered Water Connections (Rate in Rupees Per Connection Per Month), 1999-2003

Size of Ferrule	Domestic	Commercial
3/8"	50	100
½"	90	180
¾"	200	400

Source: Punjab Department of Local Government.

Table 11: Trend in Revenues from Sewerage, 1996-2003, LMC

Year	Sewerage Own Receipts as Per Cent of Sewerage Total Expenditure	Sewerage Own Receipts as Per Cent of Sewerage Revenue Expenditure
1997-98	24.53	34.25
1998-99	13.55	18.37
99-2000	7.32	12.63
2000-01	17.34	27.83
2001-02	14.97	28.83
2002-03	40.83	54.41
2003-04	33.75	52.45

Source: PWSSB and author's calculations.

approach has been adopted in city planning with the result that service quality is not monitored.

Lack of Public Participation

Where accountability or public participation exists, there, service delivery is likely to be successful. The question is: do mechanisms or forum exist for grievance redressal and information sharing in the city? There are no NGOs or consumer organisations that deal with public service delivery issues in the city. Compare this with drinking water as an area where Self-employed Women's Association (SEWA) women have taken the lead in Gujarat. The outsourcing of tube-well operations in LMC is an example of attempts to involve citizens in the delivery of public services. Although public services and their delivery/effectiveness are debated among the elitist groups of the city, there is no systematic discourse on the delivery of various services.

The media can do much to disseminate information and improve local government performance in public service delivery. Despite the city's above average literacy, it was found that the total newspaper circulation and readership in Ludhiana (of 65,700) covered only one-fourth of the city's households in 2001. Given the apparent lack of information to a substantial portion of the city's households, it is not clear what the incentives are for the policymaker cum service provider (the LMC/PWSSB) to be accountable to the public.

Currently, a major problem with the LMC functioning is the lack of public participation or discourse in budgeting. Certainly, better information to the public and their participation in the provision of various services is likely to act as a rapid trigger for reform. Some initiatives here could be to enable the web-presence of LMC budgets, its priorities and public discourse regarding the various problems associated with service delivery.

VII
Triggers for Reform and Reform Actions

Crises trigger reforms, as in the case of the balance of payments crisis of 1991 that made India take to the path of economic and political reform. There are some triggers that could make the reform happen in the LMC.

Abolition of Octroi and Financial Resources

Pre-existing financial resources are a crucial factor that determine the internal readiness for reforming public service delivery in most cities. A city with a large financial base with buoyant revenue sources (such as an appropriately designed property tax) need not reform its service delivery, as it is presumably in a position to offer an acceptable/adequate level of services, judged against benchmarks.

Heavily as the LMC's finances are dependent on octroi, the government of Punjab abolished octroi in the state, effective September 2006. Given the fact that octroi accounts for more than 70 per cent of the LMC's own source revenues, surely the abolition will come as a trigger to persuade LMC to be more financially responsible. Some ways of making the LMC more financially responsible would be to bring into the tax net those residential properties that have remained exempt.[6] Further, discussions indicated that there are frequent under-assessments in the city of taxed (commercial or business) property that range anywhere from 2-20 times of their reported value.

While not possible completely, one way to compensate for octroi abolition could be to increase water charges, which could be used to finance the setting up of a sewage treatment plant (in addition to the initiatives envisaged under the SAP), which could appeal to the public because of the questionable water quality in the LMC area.

With the abolition of octroi, the state government of Punjab will most likely come up with a compensation package for the local government. While our financial analysis indicates that transfers have not been important in the LMC context, with octroi abolition, they could well become very important in the transition period. If this were to happen, octroi abolition might not act as a trigger to make LMC more financially accountable and reform service delivery.

Once the octroi abolition trigger occurs, the reform actions that need to be taken could be summarised as follows:

Privatisation in Service Delivery

As is clear, the LMC (or the PWSSB, respectively being public and para-public entities) is the lead service provider of public services in most instances. The Ludhiana case demonstrates a different variant of the client-policymaker-service provider relationship highlighted by *World Development*

Table 12: Sewerage Charges, LMC

Diameter of Sewer Pipe	Domestic (in Rs Per Connection Per Month)	Commercial (in Rs Per Connection Per Month)
4 inches	50	100
6 inches	112.50	225
8 inches	200	400

Source: Punjab Department of Local Government.

Table 13: Sewerage Access Over Time, LMC

Description	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
Population access to sewerage (in numbers)	731000	775000	1000000	1050000	720000	740000	834350
Population served through sewer house connections (in numbers)	437500	464000	680000	724500	649000	584860	585928
Population served through soakage pits/septic tanks (in numbers)	130000	135000	438000	306000	715000	717000	849072
Population served by independent institutional sewerage (in numbers)	60000	65000	70000	150000	70000	72000	72000
Population served through conservancy system (in numbers)	100000	100000	250000	100000	10000	10000	10000
Actual number of sewer connections	70000	71000	75000	105000	110000	116972	121985
Number of institutions having independent sewerage system	20	22	22	22	22	22	22
Total average daily sewerage flow in MLD	300	310	351	400	400	267	292
Length of intercepting sewer (in kilometres)	73.7	73.7	75	77	93	101	96
Length of lateral/branch sewer (in kilometres)	569.28	710	724	743	797	903	964
Total length of sewer (in kilometres)	642.98	783.7	799	820	890	1004	1098

Source: Punjab Water Supply and Sewerage Board.

Report (WDR) 2004. In the LMC, the policymaker is also the service provider in most instances and is directly accountable to the clients (public). Service delivery then depends on the motivation of the public sector entity in providing the service, implying not much discipline for public provision of the service.

Is privatisation the panacea for a variety of problems in service delivery? While private participation in the provision of public services in Ludhiana is limited as should be clear from the institutional arrangements to provide water supply, for example, note the private sector or contractors cannot move into a vacuum created by a total collapse of the public sector. The experience with the private sector world-wide and the literature reviewed here have shown that, wherever governance is weak, privatisation of the essential water and sanitation services results in serious problems including raising costs and reducing access and quality for the less well-off (see also WDR 2004). This suggests that strong governance that can regulate as well as enable public participation in decision-making and project formulation, can facilitate private sector participation, reduce cost of access and improve quality. So, public-private partnerships can work only if public sector governance is strong. Given the strong public sector governance, privatisation stimulates efficiency because it ties performance to remuneration.

Take the example of water supply. As is clear, it is quite feasible to outsource the running of tube-wells that is known to be a technically simple and not very time-consuming job. In many instances, as in the past, in the LMC, private tube-well operators have included individual shopkeepers, housewives, or senior citizens, who have offered their services in return for a small amount of remuneration. Compare this to the relatively higher salaries offered to government employees as tube-well operators in return for the usually poor level of services offered by them (for example, they do attend to repairs but usually with time delay). Thus, outsourcing is certainly welcome and will act as a trigger of change and better service. In addition to the monetary savings (see below for the extent of savings that has been brought about), outsourcing can bring about the much-needed diversity in skills for service delivery. As is the case everywhere, the LMC has been unable to attract the skills needed for doing various jobs. Even if available, they tend to be scarce because of various reasons: one is the monetary cost associated with their recruitment for the LMC. A second reason is the constant spatial expansion of the LMC that requires an increasing number of employees to ensure service coverage. Because of these reasons, privatisation or even mere outsourcing can act as a trigger for financial and institutional reform in the LMC.

Outsourcing has been introduced by the LMC in the running of tube-wells, disposal works, and desilting of sewers. Currently, a large number of tube-wells (240 out of 350) have been entrusted by the LMC to private operators for operation and maintenance. Tube-well operators are on contract, with Rs 3,100 per month. Under the "neighbourhood tube-well operator" scheme (described above, in which housewives, shopkeepers and senior citizens have been involved in tube-well operation and maintenance), the costs were only Rs 1,500 per month, much cheaper than that with LMC employees (which would have cost Rs 16,000, for two similar tube-well operators). These attempts thus added to efficiency and cut down on LMC's salary bill. In fact, an in-house study conducted by heads of departments at the LMC found that by privatising most functions, the LMC could be run in a much cheaper and effective manner with only 500 employees instead of the actual strength of 7,000 that it had.

The work of desilting interceptor sewers was given on contract by the LMC during 1996-97, all steps in the right direction toward reforming these services, assuming the LMC oversight.

Other reform actions in finances that could bring about reform in service delivery would be if property records were properly maintained by the city. In the past, lost records have meant litigation, court cases, and significant financial losses to the city. This could be attained with e-governance initiatives, in the steps of states like Karnataka and Andhra Pradesh that have successfully computerised all their land records, making them accessible, transparent and accountable.

VIII
Summary of Findings and Concluding Remarks

This paper addresses the need for reforming urban service delivery; the relationship between finances and service delivery, any potential bottlenecks, and triggers for reforming service delivery in urban areas, taking the case of Ludhiana, as an example. The actual state of various services and current finances suggest a need for reforming service delivery in Ludhiana. In the case of this city, consistent with the hypotheses, in addition to financial constraints, this paper finds some evidence that the major bottlenecks to reforming service delivery are institutional, and pertain to existing arrangements for delivery of various services such as water and sewerage.

REVIEW OF LABOUR
May 26, 2007

Economic Liberalisation, Work and Democracy: Industrial Decline and Urban Politics in Kolkata – *Nandini Gooptu*
Optional or Imposed? An Ex Post Evaluation of Voluntary Retirement Scheme in BALCO – *Babu P Ramesh*
Labour and Closure of a Mill: Lives of Workers of a Closed Factory in Kanpur – *Manali Chakrabarti*
Accounting for 'Us' and 'Them': Indian and UK Customer Service Workers' Reflections on Offshoring – *Laurie Cohen, Amal El-Sawad*
Disinterring the Report of National Commission on Labour: A Marxist Perspective – *Anjan Chakrabarti, Byasdeb Dasgupta*

For copies write to: Circulation Manager
Economic and Political Weekly
Hitkari House, 284, Shahid Bhagatsingh Road, Mumbai 400 001
email: circulation@epw.org.in

The major lessons and triggers that could make the reform happen in the LMC and other cities in the developing world are clarifications in institutional arrangements for service delivery, encouraging privatisation in service delivery and public participation, and sustainable finances, supported by user charges. Our study suggests that problems with institutional arrangements are not a local phenomenon confined merely to Ludhiana.

Similar experiences world-wide mean that local bodies everywhere have a problem with integrating policymaking and implementation. As this case study demonstrates, policy and action coherence is as vital for effective financial management as it is for service delivery. India's 74th Constitutional Amendment Act formally recognised local governments as the third tier of government more than 13 years ago but that has not affected their internal functioning. This case demonstrates the need to identify an umbrella agency from among the numerous existing agencies, which can oversee various aspects of planning in cities for better management of finances and reforming the delivery of services, for true local autonomy, and better public participation in city planning not only in India, but in all emerging and new economies in east Asia, Latin America and Europe, where decentralisation has taken place. EPW

Email: kala@nipfp.org.in

Notes

[The work for this paper was funded by the Water and Sanitation Programme (WSP) – south Asia for a study conducted by the National Institute of Public Finance and Policy (NIPFP). Thanks are due to the WSP, particularly, David Savage, for his feedback and interest in the study. I thank NIPFP and Govinda Rao for facilitating the study. I thank O P Mathur, NIPFP and Srinivas Chary, Administrative Staff College of India, for their comments regarding an early version. I thank Sandeep Thakur, Akshat Vipin and Poulomee Basu for their assistance in field visits, summaries of facts and preparation of tables pertaining to finances. Thanks are due to the then municipal commissioner of Ludhiana Municipal Corporation (LMC), S K Sharma, and his staff members, and the Punjab Water Supply and Sewerage Board (PWSSB) for their time in answering questions and providing with data. I thank LMC's former municipal commissioner, S S Sandhu, and the chairman, Ludhiana Improvement Trust for answering many questions. Further, the faculty of Punjab Agricultural University, specifically Sandeep Kapur, and V K Goyal, CEO of Vardhman Mills, Ludhiana and S P Karkara, former commissioner, LMC, and former member, Punjab's second State Finance Commission, shed light on various aspects of service delivery. I thank them all. Thanks are due to the anonymous reviewers of the paper for their comments on earlier versions. The views in this paper do not represent that of the WSP, LMC or NIPFP. Any errors remain my responsibility.]

1 We attempted to get this data for the LMC as well, only to find that the LMC limits contain only 10-15 per cent of units in the area. Hence we report the district-level rather than the city-level data here.

2 According to LMC's former commissioner, Rs 33 crore was needed to cover the rest of the city's population with municipal water supply but the funds were not adequate.

3 It is always possible to question the 98 LPCD of actual water consumed in the city based on the PWSSB data when the household connections are not metered. However, that questions the basis of the PWSSB actual consumption data itself. If the PWSSB consumption data are assumed to be right (with some margin of error), the 137 MLD in Table 5 converts to 98 LPCD. Apart from the PWSSB, there is no data source that can provide this information.

4 I attempted to get from the Central Ground Water Board Punjab State Pollution Control Board in Ludhiana and Patiala (headquarters) some description of the nature of water use by the key industries and the nature of their effluents, to assess their impact on resource use but was unsuccessful.

5 Note that there is no anomaly in a decline in the number of persons having access to sewerage. In most cities, a sewer connection installed in violation of procedures predetermined by the service provider, is usually treated as unauthorised, and is likely to be disconnected without notice. For instance, see the Delhi Jal Board's web site, http://www.delhijalboard.nic.in.

6 Movement towards taxation of residential property involves transaction costs such as the identification of properties, their valuation, setting tax rates, revenue collection, and other compliance costs, that are not the focus of this paper.

References

Auzins, Armands (2004): 'Institutional Arrangements: A Gate towards Sustainable Land Use', *Nordic Journal of Surveying and Real Estate Research* 1(1), pp 57-71.

Census of India (1991a): 'Series 28 – Ludhiana (Part VA and VB-D Series)', *Migration Tables*, Directorate of Census Operations, Chandigarh, Punjab.

–(1991b): 'Series 20 – Part IVA-C Series', *Socio-Cultural Tables*, Directorate of Census Operations, Chandigarh, Punjab.

Fox, William and Kelly Edmiston (2000): 'User Charge Financing of Urban Public Services in Africa', Working Paper 00-4, International Studies Programme, Georgia State University.

Mani, Muthukumara, Sheoli Pargal and Mainul Huq (1996): 'Does Environmental Regulation Matter?', World Bank, November.

Raju, K V, N Praveen, H L Shashidhar, B K Anand (2004): 'Groundwater in Urban Market: Can It Sustain? A Case Study of Kolar City in South India', Draft Version, Research Report, Cerna, New Delhi.

Rao, Govinda M and Vandana Aggarwal (1991): 'Central Transfers to Offset Fiscal Disadvantages of the States: Measurement of Cost Disabilities and Expenditure Needs', *Indian Economic Review*, 26 (1), pp 13-34.

Reedy, Diane E (1986): 'Domestic Water Use and Sanitation in Lagos, Nigeria', background paper, World Bank, West Africa Projects Department, Washington DC.

The Royal Town Planning Institute in Ireland (2001): 'Institutional Arrangements for Land Use and Transport in the Greater Dublin Area', response to the Department of Environment and Local Government and the Department of Public Enterprise on their consultation paper, June (http://www.rtpi.org.uk/resources/policy-statements/2001/jun/pol20010628.pdf)

Sahoo, Satyananda (2000): 'Infrastructure and Economic Growth: An Empirical Examination', *Reserve Bank of India Occasional Papers 21* (2 and 3), pp 323-48.

Savage, David and S Dasgupta (2006): 'Governance Framework for Delivery of Urban Services' in *India Infrastructure Report 2006: Urban Infrastructure*, edited by 3i Network, Oxford University Press, New Delhi.

Singh, Kulwant and Behnam Ta'i (2000): 'Introduction' in *Financing and Pricing of Urban Infrastructure* by Kulwant Singh and Behnam Ta'i. (eds), New Age International Publishers, New Delhi.

Sridhar, Kala S (2003): 'Firm Location Decisions and Impact on Local Economies', *Economic and Political Weekly*, 38 (39), September 27, pp 4121-30.

– (2006): 'Institutional Arrangements for Land Use in Ludhiana, Punjab' in *India Infrastructure Report 2006: Urban Infrastructure* edited by 3i Network, Oxford University Press, New Delhi.

Sridhar, Kala S, O P Mathur and A Nandy (2006): *Costs of Urban Infrastructure: Evidence from India's Cities*, South Asia Network of Economic Research Institutes and Global Development Network, May.

Times Research Foundation (1997): *Municipalities in India: The Devolution Paradox*, Times Research Foundation, New Delhi, Volume 3 of 3, November.

The University of Birmingham (1999): 'The Role of Government in Adjusting Economies', Paper 35, India: Urban Water Supply, International Development Department, School of Public Policy.

Water and Sanitation Programme: South Asia (2005): *City Assessments and Urban Services: Reform Trajectory*, workshop organised by the WSP: South Asia on policies and strategies for improving urban services in India, Administrative Staff College of India, Hyderabad, June 23 and 24.

World Bank (2004): *World Development Report 2004*, World Bank, Washington DC.

Zérah Marie-Hélène (2002): 'Water Supply and Sanitation in Vijayawada: Analysis of Households' Situation towards Modes and Cost of Access, Consumption and Level of Satisfaction', research report, Cerna, New Delhi.

Selected References:

1. www.jnnurm.nic.in
2. www.epw.org.in
3. www.changekolkata.org
4. www.mcgm.gov.in/
5. www.chennaicorporation.com/
6. www.mcdonline.gov.in/

ANNEXURES

Annexure: I

List of selected cities under JNNURM

1. Agartala
2. Chandigarh
3. Imphal
4. Madurai
5. Pune
6. Varanasi
7. Agra
8. Chennai
9. Indore
10. Mathura
11. Puri
12. Vijayawada
13. Ahmedabad
14. Cochin
15. Itanagar
16. Meerut
17. Raipur
18. Vishakhapatnam
19. Aizwal
20. Coimbatore
21. Jabalpur
22. Mumbai and Thane
23. Rajkot
24. Ajmer-Pushkar
25. Dehradun
26. Jaipur
27. Mysore
28. Ranchi
29. Allahabad
30. Delhi
31. Jammu
32. Nagpur
33. Shillong
34. Amritsar
35. Dhanbad
36. Jamshedpur
37. Nainital
38. Shimla
39. Asansol
40. Faridabad
41. Kanpur
42. Nanded
43. Srinagar
44. Bangalore
45. Gangtok
46. Kohima
47. Nashik
48. Surat
49. Bhopal
50. Guwahati
51. Kolkata
52. Patna
53. Thiruvananthapuram
54. Bhubaneshwar
55. Haridwar
56. Lucknow
57. Panaji
58. Ujjain
59. Bodhgaya
60. Hyderabad
61. Ludhiana
62. Pondicherry
63. Vadodara

Source:
http://jnnurm.nic.in/missioncities.htm

Annexure II

Seminar on JNNURM held on 17.1.2008 at RTI, Kolkata

Presentation by Shri Arnab Roy, IAS, Special Secretary, Department of Municipal Affairs, Government of West Bengal

Slide 1

Seminar on JNNURM

Mandatory and Optional Urban Reforms under JNNURM with special reference to Property Tax, Levy of Users' Charges, Rent Reforms in West Bengal.

Slide 2

Urban India

Year	Total Population (Million)		Urban Population (Million)		% Urban Population	
	India	W.B.	India	W.B.	India	W.B.
1951	361.09	26.30	62.44	6.28	17.30	23.90
1961	439.23	34.93	78.94	8.54	18.00	24.40
1971	548.16	44.31	109.11	10.97	19.90	24.70
1981	683.33	54.58	159.46	14.45	23.30	26.50
1991	844.32	67.98	217.18	18.62	25.70	27.48
2001(P)	1027.02	80.22	285.35	22.49	27.78	28.03

Slide 3

Urban West Bengal Decadal Growth Rate

Decadal Year	Growth in %
1991-2001	20.20
1981- 1991	29.49
1971-1981	31.73
1961- 1971	28.41
1951- 1961	35.97

Slide 4

Urban Population of India	28, 53, 54, 954
Urban Population of West Bengal	2, 24, 86, 481
Financial Requirement to provide basic services in Urban India upto 2001	Rs. 34, 512 crore (according to Zakaria Committee
	Rs. 51, 102 crore (according to Planning Commission's highest norm

Slide 5

	Rs. 38,890 crore (according to Planning Commission's lowest norm)
Annual Financial Requirement for operation & maintenance of basic services in urban India	Rs. 1,66, 987 crore

Slide 6

MEMORANDUM OF AGREEMENT AND CHECK LISTS

- Tripartite MOA between GOI, GOWB and the State Level Nodal Agency.
- Bipartite MOA between GOWB and the ULBs.
- Check Lists of Reforms.

Slide 7

OBJECTIVES OF REFORMS

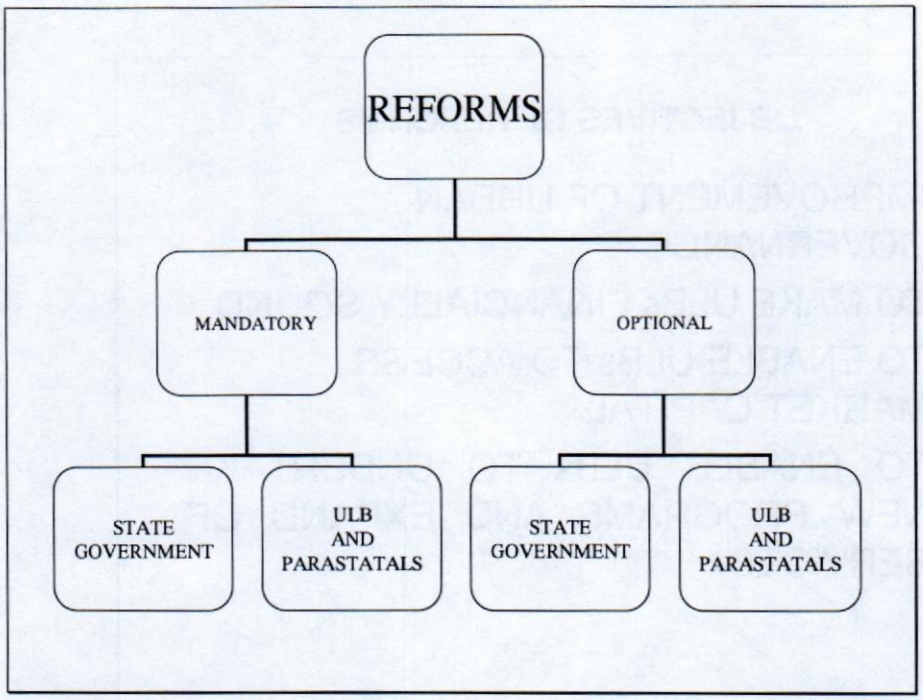
- IMPROVEMENT OF URBAN GOVERNANCE
- TO MAKE ULBs FINANCIALLY SOUND
- TO ENABLE ULBs TO ACCESS MARKET CAPITAL
- TO ENABLE ULBs TO UNDERTAKE NEW PROGRAMS AND EXPAND OF SERVICES

Slide 8

NEED FOR REFORM INITIATIVES

- Harnessing the Potential of Reforms in Urban Infrastructure
  - reforms to meet development objectives
  - create an investor-friendly environment
- Need for National-level Reform-Linked Investments
  - reform linked assisstance to State Governments and ULBs
  - integrate reform initiatives to catalyse investments in urban infrastructure
- Need for Sustainable Infrastructure Development
  - link between asset creation and management through reforms
- Need for Efficiency Enhancement.

Slide 9



Slide 10

MANDATORY REFORMS

Urban Local Body Reforms (at ULB Level)

i. Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies and parastatal agencies

ii. Introduction of system of e-governance using IT applications like GIS and MIS for various services provided by ULBs.

iii. Reform of property tax with GIS, so that it becomes major source of revenue for Urban Local Bodies (ULBs) and arrangements for its effective implementation so that collection efficiency reaches at least 85% within the Mission period.

Slide 11

iv) Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance is collected with in Mission period. However, cities/ towns in North East and other special category States may recover at least 50% of operation and maintenance charges initially. These cities/towns should graduate to full O & M cost recovery in a phased manner.

v) Internal earmarking within local body budgets for basic services to the urban poor.

vi) Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of the government for education, health and social security.

vii) Provision of basic services to the urban tenure at affordable prices, improved housing, water supply and sanitation. Delivery of other existing universal of the government for education, health and social security is ensured.

Slide 12

State level Mandatory Reforms

i. Implementation of decentralization measures as envisaged in Seventy-fourth Constitutional Amendment.

ii. Rationalization of Stamp Duty to bring it down to no more than 5% within the Mission period.

iii. Enactment of community participation law to institutionalize citizen participation and introduce the concept of Area Sabha in urban areas

iv. Assigning or associating elected ULBs into "city planning function" over a period of seven years; trnasferring all special agencies that deliver civic services to ULBs and creating accountability platforms for all urban civic service providers in transition.

Slide 13

State level Mandatory Reforms

v) Repeal of Urban Land Ceiling and Regulation Act

vi) Reform of Rent Control Laws balancing the interests of landlords and tenants

vii) Enactment of public disclosure law to ensure preparation of medium-term fiscal plan of ULBs and release quarterly performance information

Note : In respect of public oriented schemes relating to water supply and sanitation, two State level mandatory reforms may be taken as optional viz. repeal of ULCRA and reform of Rent Control Act

Slide 14

OPTIONAL REFORMS

i. Revision of bye-laws to streamline the approval process for construction of buildings, development sites, etc.

ii. Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.

iii. Introduction of Property Title Certification System in ULBs.

iv. Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross subsidization.

Slide 15

v. Introduction of computerized process of registration of land and property.

vi. Revision of bye-law to make rain water harvesting mandatory in all buildings

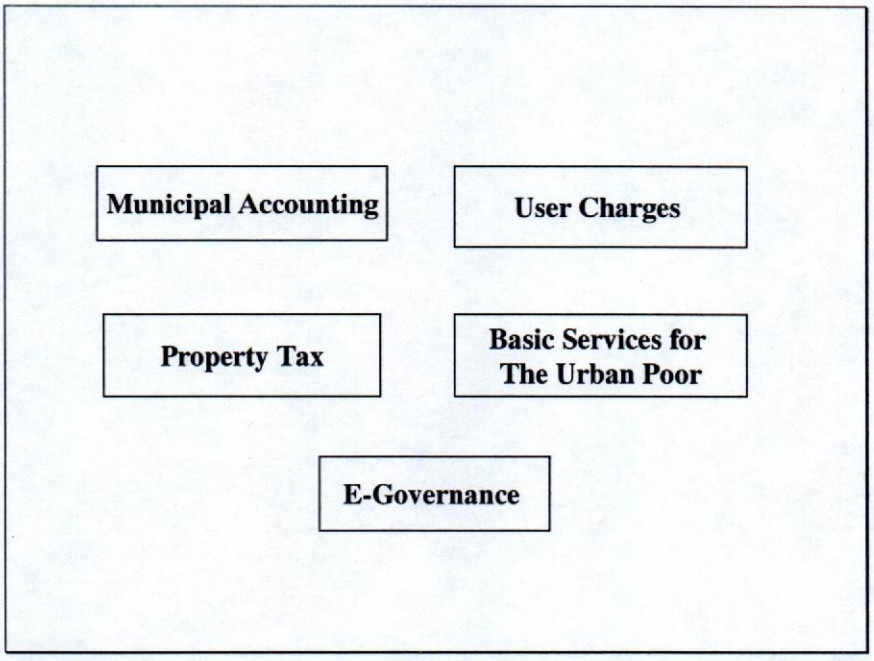
vii. Bye-law on reuse of recycled water.

- Administrative reforms,

ix. Structural reforms.

x. Encouraging Public-Private partnership.

Slide 16



CHECKLIST OF REFORMS
PROPERTY TAX
Name of the ULB : Siliguri MC

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in Property Taxes, with the broad objective of establishing a simple, transparent, non-discretionary and equitable property tax regime that encourages voluntary compliance. States/cities need to ensure that their desirable objectives for reforms include these reforms, but need not restrict themselves to these items

1. CURRENT STATUS

k. Please indicate if Property tax is currently levied on the following types of properties:

i. Residential	☐	Two categories of recorded property only (residential and non residential)
ii. Commercial	☐	
iii. Industrial	☐	

l. Please indicate the Amount of property tax being collected for year-ending 2004-05

i. Residential		In section 97 of the West Bengal Municipal Act 1993, provision for imposition of a non-residential surcharge has been made for a building, if it is used partially for non residential purpose. Therefore, properties are not classified in the categories mentioned above, and thus segregation of properties in the categories is not possible.
ii. Commercial		
iii. Industrial		
iv. Total	**Rs. 25,606,236.00**	

m. Please provide the Method of Property Tax Assessment being followed (Give short note, if necessary)

i. Self-assessment	☐
ii. Demand-based	☑

Note: The valuation of property in the municipal areas are done by the West Bengal Valuation Board. This Board is an independent organisation and the valuation is done on the basis of Annual Rental Value of the property. Property tax is being determined through a clear formula as spelt out in section 96 of the West Bengal Municipal Act, 1993. The aspect of self assessment has also been incorporated in section 115A of the said Act.

n. Please provide the below information on Current coverage

Type of Property	Estimated no. of properties	No. of properties in the records of the municipality	No. of properties paying property tax	Coverage ratio (4) / (2)	Demand raised	Demand collected	Collection Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Residential	In section 97 of the West Bengal Municipal Act 1993, provision for imposition of a non-residential surcharge has been made for a building, if it is used partially for non residential purpose. Therefore, properties are not classified in the categories mentioned above, and thus segregation of properties in the categories is not possible.						
Commercial							
Industrial							
Total	**91,525**	**81,765**	**49,059**	**53.60%**	**Rs. 42,204,683.00**	**Rs. 25,606,236.00**	**60.67%**

o. Please list the Exemptions given to property owners

No.	Type of Exemption	Qualifying institution/ individual	Revenue implication of exemption
1	Full exemption	(1) Holdings with the annual valuation of Rs. 500 or less. (2) Diplomatic Mission (3) Central Government properties (4) Holdings exclusively used for public worship (5) Government and Government aided Educational Institutions (6) Holdings exclusively used for public charity or medical relief or for imparting education to the poor free of charge.	As the amount of these exemptions does not consist a considerable share of the revenue income of the ULBs (less than 1% of the total demand), the revenue implication of such exemptions does not affect function of the Municipalities.
2	Part exemption	(1) Properties of Ex-Servicemen (25% exemption) (2) In case of excessive hardship (the rate may be reduced in such cases for an year only) (3) Holdings remaining vacant and unproductive of rent for ninety or more consecutive days (50% remission on an application from the owner).	

(please use additional rows if necessary)

p. Please provide the Basis of determination of property tax

i. Capital value
ii. Rateable value ☑
iii. Unit Area
iv. Other (please specify)

q. Please provide the Use of technology in property tax management

i. GIS of property records ☑
ii. Electronic database of property records ☑
iii. Any software for compliance

r. Please describe the Level of discretionary power available with assessing authority

The West Bengal Valuation Board, which is the assessing authority, follows a distinct methodology for determination of Annual Valuation of the properties, and thereafter statutory stipulation of the clear formula for determination of the rate of tax (in section 96) keep no scope for exercise any discretionary power in this regard.

s. Please provide the last updation of property records and guidance values

i. Last updation of property records — **Continuously updated.**

ii. Last revision of guidance values

iii. Frequency of revision of guidance values — **In every 5 years.**

iv. Please indicate whether information from appropriate authorities on new building construction, or additions to existing buildings is being captured; if so, how (e.g. development authority etc)

Yes ☑ No ☐

Urban Local Body is the plan sanctioning authority within their jurisdiction limits.

v. Please indicate whether information from appropriate authorities on change of ownership and land valuation is being captured; if so, how (e.g. Dept of Stamps and Registration)

Yes ☑ No

(Partially)

2. TIMELINE FOR ACTION ON REFORMS

Please provide timelines for the following action items:

a. Extension of property tax regime to all properties

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☑	☐	☐	☐

b. Elimination of exemptions

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☑	☐	☐	☐	☐	☐

[To be examined]

c. Migration to Self-Assessment System of Property Taxation

i. Setting up a Committee/Team to draft/amend legislation **[Amendments have already been enacted & notified in 2003.]**

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

ii. Stakeholder consultations

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

iii. Preparation of Draft legislation

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

iv. Approval of the Cabinet/ Government

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

v. Final enactment of the legislation by Legislature **[Amended and notified in 2003]**

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

vi. Notification (2003)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

vii. Preparation and notification of appropriate subordinate legislation

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

viii. Implementation by municipality (ies)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☑	☐	☐	☐	☐	☐

d. Setting up a non-discretionary method for determination of property tax (e.g. unit area, etc)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☑	☐	☐	☐	☐

(Sub-Steps (i) to (viii) given in para(c) above may be repeated for this step also)

Preparation of Draft legislation — Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☑ Year5 ☐ Year6 ☐ Year7 ☐

Implementation by municipality (ies) — Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☐ Year5 ☐ Year6 ☑ Year7 ☐

[Non discretionary method is already in place. However, the process of switching over to Unit Area Valuation system has already been initiated and likely to be completed on the 5th year]

e. Use of GIS-based property tax system

i. Selection of appropriate consultant — Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐
[KMDA is already working as consultant.]

ii. Preparation of digital property maps for municipality — Year1 ☐ Year2 ☐ Year3 ☑ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

iii. Verification of digital maps and preparation of complete data-base of properties — Year1 ☐ Year2 ☐ Year3 ☑ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

iv. Full migration to GIS system — Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☑ Year5 ☐ Year6 ☐ Year7 ☐

f. Next revision of guidance values — Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐
[In an interval of 5 years]

g. Fix periodicity for revision of guidance values
[This system is already in place.]

i. Periodicity to be adopted — Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

ii. Deadline for adoption — Year1 ☐ Year2 ☐ Year3 ☐ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

h. Establish Taxpayer education programme

i. Local camps for clarification of doubts and assistance in filling out forms — Year1 ☐ Year2 ☑ Year3 ☐ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐
[The work has already been entrusted with the Ward Committee.]

ii. Setting up a website for property tax issues/ FAQs etc

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☑	☐	☐	☐	☐

i. Establish Dispute resolution mechanism
[Lok Adalat has been suggested.]

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☑	☐	☐	☐	☐

j. Rewarding and acknowledging honest and prompt taxpayers
[This system is already in place.]

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

k. Achievement of 85% Coverage Ratio (see item 1d above)

Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		85 %			

(Specify target for each year of mission)

Corresponding figures will be inserted for the respective years

l. Achievement of 90% Collection Ratio (see item 1d above)

Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
65.56%	70.45%	75.34%	80.22%	85.11%	90.00%

(Specify target for each year of mission)

Figures of year 2 & 3 will be revised correspondingly

m. Any other reform steps being undertaken (please use additional space to specify)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
☐	☐	☐	☐	☐	☐	☐

[This database shall, however, exclude both the demand and the collection from the State and Central Government properties, litigated properties and sick and closed industries.]

Review of Check List of Reforms on Property Tax raised the following salient points :

- Siliguri Municipal Corporation did not conform to the current status of Property Tax. The collection of Property Tax for the year 2004-05 was made on the basis of two categories viz. Residential and Non-Residential while as per norms it should be in three categories viz. Residential, Commercial and Industrial.
- Coverage ratio, i.e. No. of Properties paying Property Tax out of Estimated No. of Properties, is only 53.6% which is very low considering the target fixed as 85% in Year 4.
- Collection Ratio i.e. Demand Collected against Demand raised is only 60.67%.
- Regarding exemption of Property Tax, data is not delineated category-wise as the amount is less than 1% of the total demand.
- The time-lines for elimination of exemption of Property Tax (which has been accepted as after completion of Year 2) need to be reviewed.

CHECKLIST OF REFORMS

E-GOVERNANCE

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in E-Governance, with the objective of having a transparent administration, quick service delivery, effective MIS, and general improvement in the service delivery link

14. CURRENT STATUS

a. Please provide a list of services covered by E-Governance applications

Type of Service	**ULBs/ Parastatals involved**	**Remarks**
Registration of Births and Deaths	**Urban Local Body :** **Siliguri MC**	Implemented partially in some selected Urban Local Bodies.
Public Grievance Redressal		Under consideration.
Property Tax Management, including records mgmt		GIS & MIS has been developed in some selected ULBs.
Municipal Accounting System		Introduced in some selected ULBs.
Works Management System		Under Consideration.
E--procurement		Under Consideration.
Personnel Management, i.e. personal information system		Introduced in some selected ULBs.
Payment of Property Tax, Utility Bills and Management of Utilities that come under the ULBs.		Under consideration.
Buillding plan approval		Under consideration.
Others		

15. TIMELINE FOR ACTION ON REFORMS

a. Appointment of State-level Technology Consultant as State Technology Advisor — Year1 ☐ Year2 ☐ Year3 ☑ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

b. Preparation of Municipal E-Governance Design Document (MEDD) on the basis of National Design Document as per NMMP — Year1 ☐ Year2 ☐ Year3 ☑ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

c. Assessment of MEDD against National E-Governance Standards (e.g. Scalability, intra-operability & security standards etc.) — Year1 ☐ Year2 ☐ Year3 ☑ Year4 ☐ Year5 ☐ Year6 ☐ Year7 ☐

d.	Agreement on Municipal E-Governance Action Agenda	Year1 ☐	Year2 ☐	Year3 ☑	Year4 ☐	Year5 ☐	Year6 ☐	Year7 ☐
e.	BPR for migration to e-governance	Year1 ☐	Year2 ☐	Year3 ☑	Year4 ☐	Year5 ☐	Year6 ☐	Year7 ☐
f.	Appointment of Software consultant(s)	Year1 ☐	Year2 ☐	Year3 ☑	Year4 ☐	Year5 ☐	Year6 ☐	Year7 ☐
g.	Exploring PPP option for different E-Governance services	Year1 ☐	Year2 ☐	Year3 ☐	Year4 ☑	Year5 ☐	Year6 ☐	Year7 ☐
h.	Defining monitorable time-table for implementation of each E-governance initiative that is being taken up	Year1 ☐	Year2 ☐	Year3 ☑	Year4 ☐	Year5 ☐	Year6 ☐	Year7 ☐
i.	Ongoing implementation of E-governance initiatives, against monitorable time-table	Year1 ☐	Year2 ☐	Year3 ☑	Year4 ☐	Year5 ☐	Year6 ☐	Year7 ☐
j.	Any other reform steps being undertaken (please use additional space to specify)	Year1 ☐	Year2 ☐	Year3 ☐	Year4 ☐	Year5 ☐	Year6 ☐	Year7 ☐

Review of Check List of Reforms on e-governance raised the following salient points:

- Out of 9 services to be covered by e-governance applications, only 3 services have been implemented so far.
- The timelines for action on Reforms on e-governance need to be reviewed.