**Nagarlok Vol. XLV No. 1 January - March 2013**

# Urban Policy under JNNURM and the 12th Five Year Plan in India

A. NARENDER

## INTRODUCTION

GLOBALLY URBANISATION is taking place at a rapid pace and currently more than 50 per cent of world population lives in urban areas. Though India has experienced lower levels of urbanisation with only 31 per cent of population living in urban areas, it has the second largest urban system in the world next only to China with 377 million people living in urban areas as per Census 2011. Urban areas in the country at present contribute around 60 per cent of the national income and have immense potential to contribute to national economic growth and poverty reduction in the coming decades. At the same time, urban areas are experiencing several challenges such as low levels of urban services, growing number of poor people and lack of adequate housing. This is attributed to piecemeal and fragmented urban policies in the past that have not paid adequate attention to the urban potential and challenges in a holistic manner. The launching of JNNURM Programme marked a new beginning in developing a comprehensive and proactive urban policy. Building on the legacy of JNNURM and the recommendations of the High Powered Expert Committee set up by the Ministry of Urban Development, the 12th Five Year Plan has formulated an urban policy and strategy with a focus on JNNURM-II Programme to provide greater impetus and thrust to balanced and inclusive urban development in India. The article outlines urbanisation trends and challenges and discusses past urban policies and the urban policy under JNNURM Programme and the 12th Five Year Plan in India.

### Urbanisation Trends

According to the United Nations Report (2009, p.9), for the first time in the history of the human kind the per centage of people living in urban areas has exceeded those living in rural areas in 2009. The world urban population had reached two billion in 1985, three billion in 2002 and is expected to reach four billion in 2017 and five billion in 2030. This indicates the unprecedented urbanisation and urban growth occurring in the world. The impact of urbanisation in developing

countries is going to be much more dramatic during the next half century in terms of absolute urban population and its share in the total world urban population. The urban population in Asia is likely to go up steadily from 1.7 billion in 2009 to 2.4 billion in 2025 and 3.4 billion in 2050. Of the six billion world urban population in the year 2050, nearly four billion is expected to live in Asia and Africa alone (UN 2009, P.12).

The urban population in India in 1991 stood at 217 million and this had increased to 285 million by 2001. In terms of urbanisation level this constituted 25.57 per cent in 1991 and 27.78 per cent in 2001 which is quite low as compared to even Asian standards. However, the decade of 2001-2011 witnessed a significant increase in urban population and the Census 2011 indicated that the urban population was 377 million resulting in an urbanisation level of 31.16 per cent. The urban population in India in 2011 was much higher than 285 millions of Northern America and close to the 399 million for the entire Africa in 2009. The urbanisation levels and the growth rates in India are presented in Table 1.

TABLE 1: URBANISATION IN INDIA: 1901 - 2011

| *Census Years* | *Number of Towns* | *Urban Population (in millions)* | *Per cent Urban* | *Annual Exponential Growth Rate* |
|---|---|---|---|---|
| 1901 | 1916 | 25.9 | 10.8 | - |
| 1911 | 1908 | 25.9 | 10.3 | 0.0 |
| 1921 | 2048 | 28.1 | 11.2 | 0.8 |
| 1931 | 2220 | 33.5 | 12.0 | 1.7 |
| 1941 | 2422 | 44.2 | 13.8 | 2.8 |
| 1951 | 3060 | 62.4 | 17.3 | 3.5 |
| 1961 | 2700 | 78.9 | 18.0 | 2.3 |
| 1971 | 3126 | 109.1 | 19.9 | 3.2 |
| 1981 | 4029 | 159.5 | 23.3 | 3.8 |
| 1991 | 4689 | 217.6 | 25.7 | 3.1 |
| 2001 | 5161 | 284.53 | 27.8 | 2.7 |
| 2011 | 7935 | 377.00 | 31.16 | 3.2 |

SOURCE: *Various Census India Reports.*

Low urbanisation in India can be attributed to the declining urban growth rates since 1981 until 2001. It was only in 2011 that the urban growth rate was marginally higher as compared to the growth rate in



the previous decade. The main contribution to urban growth in India comes from natural growth which constitutes around 60 per cent of urban growth while net rural urban migration and reclassification constitutes 20 per cent each as given in Table 2.

TABLE 2. COMPONENTS OF URBAN POPULATION GROWTH IN INDIA, 1961-2001

| *Components* | *1961-71* | | *1971-81* | | *1981-91* | | *1991-2001* | |
|---|---|---|---|---|---|---|---|---|
| | *No.* | *%* | *No.* | *%* | *No.* | *%* | *No.* | *%* |
| 1. Absolute increase | 30.18 | 100.0 | 49.45 | 100.0 | 56.45 | 100.0 | 67.81 | 100.0 |
| 2. Natural increase | 19.68 | 65.2 | 25.26 | 51.3 | 35.37 | 61.3 | 40.17 | 59.4 |
| 3. Net rural-urban migration | 5.91 | 18.7 | 9.83 | 19.6 | 12.76 | 20.7 | 14.32 | 20.9 |
| 4. Reclassification | 4.59 | 16.1 | 14.06 | 29.1 | 8.32 | 18.0 | 13.32 | 19.7 |

SOURCE: *Census of India Reports 1961 to 2001.*

The distribution of urban population by size class indicates that more than 60 per cent is concentrated in Class I towns having a population of one lakh and above. The per centage of urban population in Class I towns has increased over the years. This highlights the significance of large towns in attracting population due to economic and locational advantages. It can be seen from Table 3 that the total number of towns had gone up from 3699 in 1991 to 4378 in 2001. The class I towns constituted less than 10 per cent of total towns but contributed more than 60 per cent to total urban population in the country. The share of Class I towns had increased from 64.4 per cent in 1991 to 68.6 per cent in 2001 while the share of Class II and Class III towns had declined marginally. This shows that the concentration of urban population in Class I towns is consistently increasing over the years. We do not yet have distribution of urban population by size class of cities for the year 2011 (Table 3).

Among the large cities, the metropolitan cities with a population of one million and above play a key role by accounting for significant share of total urban population and also as economic growth drivers. The number of metropolitan cities in the country is increasing significantly over the years. In 1981 there were only 12 metropolitan cities in the country and this number had gone up to 23 in 1991 and had further increased to 35 by 2001. By 2031 the country is projected to have an urban population of 590 million with the urbanisation going up to 40 per cent from the current level of 31 per cent. The number of metropolitan cities is likely to go up from 42 to 68 and five states namely, Maharashtra, Gujarat, Tamil Nadu, Punjab and Karnataka are likely to have more than 50 per cent of urban population by the

TABLE 3: SHARE OF URBAN POPULATION BY SIZE CLASS OF TOWNS

| Class | Number | | % Share in Population | |
|---|---|---|---|---|
| | 1991 | 2001 | 1991 | 2001 |
| IA | 4 | 6 | 17.4 | 21.1 |
| IB | 19 | 29 | 15.6 | 16.7 |
| IC | 276 | 359 | 31.4 | 30.8 |
| I Total | 299 | 394 | 64.4 | 68.6 |
| II | 346 | 404 | 11.0 | 9.7 |
| III | 939 | 1163 | 13.5 | 12.3 |
| IV | 1177 | 1346 | 8.1 | 6.8 |
| V | 735 | 879 | 2.7 | 2.3 |
| VI | 204 | 192 | 0.4 | 0.2 |
| Total | 3699 | 4378 | 100 | 100 |

SOURCE: *Ministry of Urban Development, "High Powered Empowered Committee Report, 2011" pp. 171-72.*

same year (MGI, 2010, p.13-15).

**Urbanisation and Economic Development**

There is a positive relationship between urbanisation and economic development and developed countries have high levels of per capita income along with high levels of urbanisation. The contribution of urban areas to national income is higher in developed countries as compared to developing countries. The contribution of agriculture to national income in India was around 15 per cent, industry around 20 per cent, construction around eight per cent and the remaining 57 per cent was contributed by the service sector in the year 2009-10 (HPEC, 2011, p. 9). Significant proportion of industrial activity and service activities are located in the urban areas. The contribution of urban areas to national income in low income countries is only around 55 per cent followed by 73 per cent in middle income countries and 85 per cent in high income countries. Correspondingly, the urbanisation in low income countries is between 20 to 40 per cent, in middle income countries between 40 to 60 per cent and in high income countries above 70 per cent. The per capita income, which is a key indicator of economic development, is high in areas with high urbanisation as given in Table 4.



TABLE 4: PER-CAPITA INCOME AND URBANISATION ACROSS THE WORLD

| Areas/Sub-continent | GDP per capita income (Constant 2000 US $) | Urban population (% of total) |
|---|---|---|
| **By Level of Income** | | |
| High income | 28755 | 78 |
| Middle income | 2011 | 48 |
| Low income | 415 | 32 |
| **By Region** | | |
| Latin America and Caribbean | 4580 | 78 |
| Europe and Central Asia | 3004 | 64 |
| Euro Area | 21879 | 73 |
| Middle East and North Africa | 1869 | 57 |
| East Asia and Pacific | 1644 | 43 |
| South Asia | 647 | 29 |
| Sub-Saharan Africa | 601 | 36 |

SOURCE: *UNHABITAT (2010), "State of the World's Cities 2010/2011: Bridging the Urban Divide", p. 21.*

Cities particularly major cities enjoy many economic advantages. They are the centres of political power and influence and act as network and nodes for transport and communication of goods and services. They provide a critical mass of public and private knowledge institutions, a vibrant environment for knowledge creation and transfer and strategic business and financial services. Cities have readily available high skilled manpower, provide necessary cultural, leisure, recreational and sports activities and act as transport hubs providing national and international connectivity. Cities have competitive advantage in location of national and international investments and are critical for national economic growth and development.

In today's world, the competitiveness of nations and states to attract investments and employment is linked to the competitiveness of cities. If we look at countries like China, Korea and India, they have been able to achieve economic growth of 8-10 per cent because of the presence of large cities with many economic and locational advantages. In India the Information Technology (IT) revolution was spearheaded by cities like Bangalore and Hyderabad which have placed India firmly on the global map. In future, the economic growth is likely to take place due to the growth of industry and service sector and cities and urban areas are magnets of growth for such sectors. Thus, economic

growth and urbanisation are interdependent. High levels of economic growth can be achieved by enhancing the economic productivity in urban areas. This calls for a well planned, sound and long term urban policy and strategy for managing the urban areas.

**Urbanisation Challenges**

Urbanisation provides both opportunities and challenges. While the opportunities are in the form of increased growth, employment and income, urbanisation also throws many challenges as it occurs at a relatively rapid pace putting pressure on land, housing and basic services such as water supply, sanitation and solid waste management. The migration of rural population to towns and cities without required education and skills results in unemployment or employment in low income occupations. Non-availability of affordable housing and serviced land for the migrated poor leads to housing shortages and formation of slums. Inadequate finances and capacities of cities to meet the urbanisation challenges lead to deterioration of urban environment and quality of life in cities. The Indian cities and towns over the years have accumulated large number of poor and slum population, large housing shortages and poor service levels. Though urban policy and strategy in the past has made attempts to address these challenges, the persistence of these problems even after four decades of interventions is an indication of both the severity of the problem and ineffectiveness of urban policy to address these problems. The magnitude of low levels of services, poverty and housing shortages is presented in sections below.

**Urban Services**

The service levels in urban areas are low as compared to the national standards and norms and quite far off as compared to the international benchmarks. According to the Strategic Plan of Ministry of Urban Development (MoUD 2011, p.6), only 74 per cent of urban households are served by piped water supply leaving 24 per cent to be covered by other sources such as hand pumps and tube wells. About 11 per cent urban households do not have toilets implying that nearly 3 crore people defecate in the open. Less than two-thirds of households are connected to sewerage system and only 20 per cent of sewage generated is treated. The total solid waste generated is 115000 MTD and almost all of it is disposed off without any scientific treatment. The public transport constitutes only 22 per cent of urban transport. Thus the data on current service levels from the strategic plan of MoUD indicates that the present urban service levels are not at all satisfactory.



According to the High Powered Expert Committee report set up by the Government of India (HPEC, 2011, p.46), 64 per cent of urban population in India is covered by individual connections and public stand posts for water supply as compared to 91 per cent in China, 86 per cent in South Africa and 80 per cent in Brazil. The non revenue water is high at 72 per cent while the cost recovery is only 30-35 per cent of operation and maintenance costs. According to the HPEC Report, over 50 million (5 crore) people defecate in open every day. The Report further observed that 4861 towns out of 5161 towns in the country do not have even a partial sewerage network, only 21 per cent of the waste water generated is treated and less than 20 per cent of the road network is covered by storm water drains (pp. 50-51). Quoting various studies and reports, the HPEC Report shows that the compliance with Municipal Solid Waste Management Rules 2000 in the country is poor with only 38 per cent door to door collection, 33 per cent source segregation, nine per cent treatment and processing and one per cent scientific disposal of waste as compared to the prescribed benchmark of 100 per cent for all aspects (p.53). The public transport constitutes only 22 per cent of urban transport in India as compared to 49 per cent in lower middle income countries and 40 per cent in upper middle income countries (p.57).

According to a report on Indian urban sector by McKinsey Global Institute (MGI, 2010, p.19), the current performance of Indian cities is poor across key indicators of quality of life. The daily water supply is 105 litres per capita per day against the basic standard of 150, the share of public transport is 30 per cent against the basic standard of 50 per cent, the area under parks and open spaces is 2.7 square meters per capita against the basic standard of nine square meters per capita, the per centage of sewage treated is 30 per cent against the basic standard of 100 per cent and the solid waste collected is 72 per cent against the basic standard of 100 per cent (MGI, 2010, p.19). Thus Indian cities score far below in all key services against the basic standard of service.

While the current service levels in urban India are low, the Ministry of Urban Development has introduced service level benchmarking system for urban local bodies and has come up with far higher service level benchmarks in the areas of water supply, sewerage and sanitation, storm water drainage and solid waste management. The MoUD has brought out a handbook prescribing the service level benchmarks and methodology in 2008. The ULBs are required to develop a baseline data on current service level and undertake commitments for gradual increase to achieve the compliance. Further, the 13th Finance Commission has made it

mandatory to implement SLB system in ULBs and linked devolution of performance based grants to the same. In the area of water supply, the SLB system advocated for 100 per cent access to individual connections, 100 per cent metering, 100 per cent recovery of operation and maintenance costs, 90 per cent efficiency in collection of water charges, 80 per cent efficiency in redressal of customer complaints and 100 per cent compliance of samples with quality parameters. In sewerage and sanitation, the SLB system advocated for 100 per cent coverage of toilets and sewerage network, 100 per cent efficiency of collection of sewage and treatment capacity, reuse and recycle of 20 per cent of waste water, 100 per cent cost recovery, 90 per cent efficiency in collection of user charges and 80 per cent efficiency in redressal of customer complaints. With regard to solid waste management, 100 per cent benchmarks are prescribed in the areas of household coverage, efficiency in collection, extent of source segregation, cost recovery and scientific disposal while 80 per cent of recovery and recycle of solid waste and 90 per cent efficiency in collection charges is advocated. The indicators for storm water management are 100 per cent coverage of storm water drainage network and 0 (zero) incidence of water-logging (MoUD 2008). Given the low levels of urban services at present, achieving the high service level benchmarks by the ULBs in future as prescribed by the MoUD requires a proactive and comprehensive urban policy and strategy.

**Urban Poverty**

The urban poverty is multi-dimensional in nature characterised by multiple deprivations and lack of or inadequate access to employment, income, housing, services, credit, assets, etc. to certain sections of the society. The livelihoods and incomes of the urban poor are irregular and insecure as they are engaged in casual and wage labour, petty trade and business activities. The poor also live in pathetic and undesirable housing conditions with temporary structures which are overcrowded. There is a limited per capita availability of space in the house and majority of the houses may be rented or located on encroached land which compounds the problem of lack of security of tenure. Lack of access to basic services such as water supply, sanitation, drainage, solid waste management and roads is the key feature of slums and poor settlements. Inadequate or lack of services combined with lack of security of tenure and poor housing conditions result in high levels of environmental degradation and deterioration.

The urban poverty in India is conventionally computed based on poverty line concept and by using the NSSO data on consumer



expenditures. As seen from the NSSO data presented in Table 5, the per centage of population living below the poverty line in both urban and rural areas has declined steadily over the years and the decline was steeper after 1993-94 and particularly for the rural areas. However, the Tendulkar Committee set up by Planning Commission in 2009 has suggested a new methodology and made separate estimations on the poverty levels for the years 1993-94 and 2003-04. The new methodology of estimation of poverty has resulted in substantial increase in poverty levels in rural areas and in overall poverty levels but the urban poverty levels has remained unchanged. This was because the Tendulkar Committee did not make significant changes in methodology for computation of urban poverty while it made significant change in the methodology for estimation of rural poverty.

TABLE 5: URBAN POVERTY IN INDIA BASED ON POVERTY LINE

| *Year* | *Poverty Ratio (In Per centage)* | | | *Number of Poor (In Million)* | | |
|---|---|---|---|---|---|---|
| | *Rural* | *Urban* | *Total* | *Rural* | *Urban* | *Total* |
| 1973-74 | 56.44 | 49.01 | 54.88 | 261.3 | 60.0 | 321.3 |
| 1977-78 | 53.07 | 45.24 | 51.32 | 264.3 | 64.6 | 328.9 |
| 1983 | 45.65 | 40.79 | 44.48 | 252.0 | 70.9 | 322.9 |
| 1987-88 | 39.09 | 38.20 | 38.86 | 231.9 | 75.2 | 307.0 |
| 1993-94 | 37.27 | 32.36 | 35.97 | 244.0 | 76.3 | 320.4 |
| 1993-94* | 50.1 | 31.8 | 45.3 | NA | NA | NA |
| 1999-2000 | 27.09 | 23.62 | 26.10 | 193.2 | 67.0 | 260.2 |
| 2004-05 | 28.3 | 25.7 | 27.5 | 220.9 | 80.8 | 301.7 |
| 2004-05* | 41.8 | 25.7 | 37.2 | 326.6 | 80.76 | 407.36 |

* These estimates for the years 1993-94 and 2004-05 are based on the revised methodology of the Expert Group set up by the Planning Commission in 2009 headed by Suresh Tendulkar.

SOURCE: *Planning Commission Reports and Report of the Expert Group to Review the Methodology for Estimation of Poverty, November 2009.*

It should be noted from the data presented in Table 5 that the poverty in per centage terms is declining in both rural and urban areas. However, there is a decline in the absolute number of poor in rural areas while the absolute number of poor in urban areas is increasing. The number of rural poor has come down from 261.3 million in 1973-74 to 220.9 million in 2003-04 while the number of urban poor has gone up from 60 million to 80.8 million during the same period. This process is referred to as 'urbanisation of poverty' and highlights the significance of urban poverty in India.

Slums and squatter settlements are visible manifestation of urban poverty. A majority of households in slums belong to the below poverty line category. Slum households tend to represent the urban poor since they are deprived of housing and basic services and live in most pathetic conditions. The Ministry of Housing and Urban Poverty Alleviation has set up a Committee on Slum Statistics/Census and the Committee has estimated the slum population in 2001. According to these estimates, the slum population was estimated to be 7.52 crore constituting 26.31 per cent of urban population. The Committee has also estimated/projected the slum population for the years 2011-2017. The estimated slum population stood at 9.30 crore in 2011 and 10.46 crore in 2017.

**Housing Conditions**

Housing is a basic need next only to food and clothing. Large numbers of urban households are deprived of adequate access to housing and live in over-crowded and degraded conditions. The inability of governments and markets to make available developed land and adequate housing at affordable rates to the migrants and other poor residents is considered as the root cause of slums and poor housing conditions in cities. According to the estimations by the National Building Organisation of the MoHUPA, the urban housing shortage stood at 10.6 million in 2001 which is significantly higher than the figure of 8.2 million for the year 1991. Though the rural housing shortages were higher than urban housing shortages, there was a decline in the rural housing shortages since 1981 while there was an increase in urban housing shortages as given in Table 6.

TABLE 6: HOUSING SHORTAGE (IN MILLIONS)

| *Year* | *Total* | *Rural* | *Urban* |
|---|---|---|---|
| 1961 | 15.2 | 11.6 | 3.6 |
| 1971 | 14.6 | 11.6 | 3.0 |
| 1981 | 23.3 | 16.3 | 7.0 |
| 1991 | 22.9 | 14.7 | 8.2 |
| 2001 | 24.7 | 14.1 | 10.6 |

*Source: National Building Organisation.*

The Planning Commission's Working Group on Urban Housing for the 11th Five Year Plan has also estimated housing shortages. According to the 11th Plan estimates, the total housing requirements stood at 24.71 million which included the excess of households over the housing stock at 7.47 million, households living in congestion at



12.67 million, households living in obsolescent houses at 2.39 million and households living in kutcha houses at 2.18 million. The estimates further identified the additional requirements during the 11th Plan period as 1.82 million which resulted in an overall housing shortage of 26.53 million as on 2012 as given in Table 7. These estimates are substantially higher as compared to the NBO estimates. This is perhaps because the 11th Plan estimates included the housing requirements on account of congestion as well as obsolescence factors.

TABLE 7: ESTIMATION OF HOUSING SHORTAGE AS ON 2007 (IN MILLIONS)

| *S.No* | *Item* | *Number (In millions)* |
|---|---|---|
| 1 | Households | 66.30 |
| 2 | Housing Stock (2.1+2.2+2.3) | 58.83 |
| | 2.1 Pucca | 47.49 |
| | 2.2 Semi-pucca | 9.16 |
| | 2.3 Kutcha | 2.18 |
| 3 | Excess of Households over Housing Stock (1-2) | 7.47 |
| 4 | Households living in overcrowded (Congestion) conditions needing houses | 12.67 |
| 5 | Households living in dilapidated (obsolescence) houses needing replacement | 2.39 |
| 6 | Households in kutcha houses needing upgradation | 2.18 |
| 7 | Total housing shortage (3+4+5+6) | 24.71 |
| 8 | Additional requirement at the end of 11th Plan Period in 2012 | 1.82 |
| 9 | Total requirements as on 2012 | 26.53 |

*Source: Government of India, Ministry of Housing and Urban Poverty Alleviation, "Report of the 11th Five Year Plan (2007-12) Working Group on Urban Housing with Focus on Slums", p. 31.*

The 11th Plan further estimated that 99 per cent of the housing shortage or housing requirements belonged to the Economically Weaker Sections (EWS) or Low Income Groups (LIG) as given in Table 8.

The 11th Plan has also estimated the corresponding investment requirements to meet the housing shortage at Rs 3.61 lakh crore of which Rs 2.14 lakh crore were estimated to be required to meet the shortage during the Plan period and Rs 1.47 lakh crore to meet the shortages at the beginning of the 11th Plan period as given in Table 9.

TABLE 8: THE DISTRIBUTION OF HOUSING SHORTAGE BY INCOME CATEGORY

| *Income Category* | *Housing Shortage (in Millions)* | *Housing Shortage (% to Total)* |
|---|---|---|
| EWS | 21.78 | 88.14 |
| LIG | 2.89 | 11.70 |
| MIG and HIG | 0.04 | 0.16 |
| Total | 24.71 | 100 |

SOURCE: As above, p. 33

TABLE 9: INVESTMENT REQUIREMENTS TO MEET THE HOUSING SHORTAGE

| *Scenario* | *Investment Requirement (In Rs Crore)* |
|---|---|
| Housing Shortage at the Beginning of 11th Plan Period | 147195.0 |
| Requirement During the 11th Plan Period | 214123.1 |
| Total Housing Requirement for the 11th Plan period | 361318.1 |

SOURCE: *As above p. 43*

**Urban Policies**

The growing urban challenges reflected in poor service levels, poverty and housing shortages is attributed to the failure of urban policy to address these issues in a holistic and proactive manner. The objective of any sectoral policy is to enhance the opportunities and performance of the sector on the one hand and address the concerns and challenges faced by the sector in an integrated manner on the other. The urban policy in the past has not capitalised on the opportunities and at the same time failed to meet the concerns and challenges. Review of past urban policy by several researchers supports this observation.

Annapurna Shah (1996) has evaluated the urban policy in post-independence period and has come up with the following observations (p. 228):

1. Urban policy-making by the state underestimated the role of markets, incentives and private initiatives and relied excessively upon the state for investment and management.
2. There has been an excessive use of direct controls rather than fiscal incentives and disincentives to influence outcomes.



Batra (2009) has made the following observations:

1. Relative lack of consideration of urban issues in the early years of development planning in India.
2. Lack of comprehensive vision on urbanisation or urban process in India in the first three Five Year Plans.
3. Emphasis on control or reactive measures to deal with the growing problems of cities during 3rd and 6th Five Year Plans.
4. From 7th Plan onwards efforts were made to realise the importance of cities in promoting economic development with limited success.

Kundu (2011) has made the following observations:

1. Until the 7th Plan, urban policies and programmes basically addressed the problems of housing, slums and provision of civic amenities.
2. Attempts for a policy shift were made from 8th Plan onwards articulating an urban vision of directly contributing to the goals of employment generation and poverty reduction but real shift in policy is visible from 10th and 11th Plan.

Thus the urban policies in India for many years were control oriented and addressed selective urban problems from time-to-time. The potential of urban areas as engines of economic growth was not adequately recognised, though 8th and 9th Plans have made references to these aspects. The shift in urban policy took place with the 10th and 11th Plans which have initiated an era of holistic approach and emphasised the role of cities in economic development by formulating the JNNURM Programme.

This section presents a review of urban policies Pre-JNNURM, and Post-JNNURM period and discusses the emerging urban policy framework articulated by the 12th Five Year Plan.

**Pre-JNNURM Urban Policy**

The urban development policies in India were articulated mainly through Five Year Plans. The Five Year Plans focused on creating dedicated institutions and formulating programmes and schemes with an emphasis on weaker sections and the poor. Table 10 provides the focus of Five Year Plans on urban policy.

Thus urban development policies in India as seen from above have evolved mainly through the focus of successive Five Year Plans. India

TABLE 10. FIVE YEAR PLANS AND URBAN POLICY

| *Five Year Plan* | *Urban Policy Focus* |
|---|---|
| First Five Year Plan (1951-56) | Setting up of Ministry of Works and Housing, National Building Organisation and Town and Country Planning Organisation Allocation of outlay for Rehabilitation of Refugees from Pakistan and Building of Chandigarh city housing schemes for industrial workers, Government employees and Weaker Sections. |
| Second Five Year Plan (1956-61) | Introduction of three schemes viz., Rural Housing Scheme, Slum Clearance Act 1956 and Sweepers Housing Scheme. Formulation of Town and Country Planning Legislation and Setting up of Town and Country Planning Organizations in States. Formulation of Rent Control Act, Building Bye Laws Land Acquisition and development, Housing and Slum Improvement |
| Third Five Year Plan (1961-66) | Emphasis on low income housing. Introduction of scheme to provide loans to state governments for a period of ten year for acquisition and development of land, preparation of master plans for major cities Development of Gandhi Nagar and Bhubaneshwar cities, committee on Urban Land Policy |
| Fourth Five Year Plan (1969-74) | Emphasis on small and medium towns. Establishment of Housing and Urban Development Corporation (HUDCO). Introduction of Environmental Improvement of Urban Slums (EIUS) Scheme for provision of basic services in slums. Creation of Urban Development Authorities in metropolitan cities |
| Fifth Five Year Plan (1974-79) | Integrated Urban Development Programme for large cities. Setting up of a Task Force for Development of Small and Medium Towns, Enactment of Urban Land (Ceiling and Regulation) Act |
| Sixth Five Year Plan (1980-85) | Thrust on integrated approach to provision of services along with services with a focus on poor. Introduction of Integrated Development of Small and Medium Towns Scheme (IDSMT) for towns with less than one lakh population. Low Cost Sanitation Scheme for weaker sections |
| Seventh Five Year Plan (1985-90) | Emphasis on private sector housing and creation of private housing finance institutions. Constitution of National Commission on Urbanisation. Increased role for public sector housing with a focus on mobilisation of resources for housing, provision of subsidised housing to the poor and acquisition and development of land. Formulation of National Housing Policy 1988 and Establishment of National Housing Bank Reconstitution of National Building Organisation. Setting up of Building Material Technology Promotional Council (BMTPC). Introduction of Urban Basic Services to the Poor (UBSP) Programme |
| Eighth Five Year Plan (1992-97) | 74th Constitution Amendment Act. Introduction of Nehru Rojgar Yojana. National Housing Policy 1994 Mega City Scheme. Integrated Urban Poverty Eradication Programme. Urban Development Plan Formulation |
| Ninth Five Year Plan (1997-2002) | Introduction of National Slum Development Programme (NSDP) and Swarna Jayanthi Shahri Rojgar Yojana. Two Million Housing Programme. Valmiki Ambedkar Awas Yojana (VAMBAY) |
| Tenth Five Year Plan (2002-07) | Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT). National Urban Housing and Habitat Policy 2007. Integrated Housing and Slum Development Programme. |
| Eleventh Five Year Plan (2007-11) | JNNURM, UIDSSMT, IHSDP Affordable Housing in Partnership Interest Subsidy Scheme for Housing the Urban Poor. Rajiv Awas Yojana National Policy on Urban Street, Vendors 2009. National Urban Sanitation Policy 2008. Model Property Rights to Slum Dwellers Act 2011 |

SOURCE: *www.mhupa.gov.in, and Jain. A.K.(2010), p. 11-12.*



never had an independent urban development policy or strategy. The role of national government through the Ministries of Urban Development and Housing and Poverty Alleviation was to provide a catalytic, facilitating and guiding role to states and cities through policy, strategy, programmes and schemes under the Five Year Plans. Until recently the role of urban policy was piecemeal, scheme and project based and not strategic or programme based under successive Five Year Plans. The focus of various schemes was to provide housing or basic infrastructure without addressing the issues of governance, municipal finance and capacity of urban local bodies. Though preparation of master plans was encouraged, they remained mostly on paper. Focus of specific schemes was also limited and not inclusive and did not yield intended results. For example, the slum improvement policies targeted only the recognised or notified slums ignoring vast

number of non-notified or unrecognised slums. The public housing schemes did not reach the poor and benefitted the lower middle and middle income groups. The water supply and sewerage schemes focused on creation of assets and expansion of network and not on service delivery.

During the first three Five Year Plans from 1948 to 1966, the focus was only on slum clearance which later shifted to slum improvement along with provision of low income housing. The Slum Clearance Act 1956 was formulated for identifying slums, acquiring them, clearing and developing them in a proper manner. The slum clearance strategy did not succeed as there was resistance from the slum dwellers towards clearance and was substituted by slum improvement policy. Low income housing schemes were designed and implemented on a limited scale but they were cornered mainly by the better off sections and did not reach the real poor. The Government of India had established the Housing and Urban Development Corporation (HUDCO) during the Fourth Five Year Plans to promote housing for weaker sections. This has succeeded only to a limited extent as it could not meet the needs of millions of slum households. The growing problem of slums has resulted in bringing a variety of slum improvement programmes such as Environmental Improvement of Urban Slums, Low Cost Sanitation, Urban Basic Services for the Poor, National Slum Development Programme and Valimiki Ambedkar Awas Yojana. A key limitation of all these programmes was their limited scale and fragmented approach targeting only certain target groups and ignoring vast number of the needy. The slum upgrading and housing programmes for the poor have emerged as key programmes for urban poverty alleviation but their impact was limited due to limited coverage. They were not implemented on a state or city wide scale and excluded large number of poor.

A key policy intervention for alleviation of urban poverty focused on creation of skills and livelihoods for the poor through self employment and wage employment. The first attempt in this regard was made by the Nehru Rojgar Yojana formulated in 1985 which aimed at self employment through training. This was subsequently revamped and replaced with a new programme in 1997 called Swarna Jayanti Shahari Rojgar Yojana (SJSRY) with a focus on self-employment, training, micro credit, community structures and wage employment. The other policies for urban poverty alleviation focused on welfare and other support mechanisms such as provision of subsidies, access to better nutrition and food among children and women, education and health, pension for aged and disabled, etc.



Thus the urban poverty policies were primarily in the areas of provision of housing and basic services, skills and employment and welfare. A key limitation of these programmes was that these were fragmented and not inclusive. There were large coordination issues leading to poor implementation. The coverage was target oriented, limited, non-inclusive and not implemented on town-wide or city-wide basis. The financing and institutional mechanisms for implementation of these programmes were also weak and majority of them often were top down and non-participatory.

A series of national housing policies were formulated from time to time. The first national housing policy was formulated in 1988 followed by national housing policies in 1994 and 1998. The latest and current National Housing and Habitat Policy was formulated in 2007. These policies have articulated the goal of providing shelter for all and emphasised increasing the supply of serviced land, provision of basic services and promoting healthy environment. The 1988 policy has suggested for establishing the National Housing Bank (NHB) and accordingly the Government of India has set up the NHB in the same year. The 1994 policy emphasised avoiding forcible relocation of slum dwellers and encouraging *in-situ* upgradation, slum renovation, and progressive housing development with conferment of occupancy rights. The policy has emphasised integrated provision of basic services and promoting incremental construction and upgradation by poorer households through access to land and services, technical support, low cost technology and materials, skill upgradation and access to housing finance on flexible terms.

The National Housing and Habitat Policy 1998 was formulated with the objectives of creating surpluses in housing stock either on rental or ownership basis especially to the poor and vulnerable groups, ensuring priority to housing at par with infrastructure, removing legal, administrative and financial barriers for facilitating access to land, finance and technology and so on. The latest National Urban Housing and Habitat Policy 2007 was formulated with the goal of providing "Affordable Housing for All" with special emphasis on vulnerable sections of society such as Scheduled Castes/Scheduled Tribes, Backward Classes, Minorities and the urban poor. The emphasis was on provision of social housing for the EWS/LIG categories so that they are fully incorporated into the mainstream of ecologically well-balanced urban development. The ultimate goal of this policy was to ensure sustainable development of all urban human settlements, duly serviced by basic civic amenities for ensuring better quality of life for all urban citizens. The policy envisaged that a state level housing policy

as well as action plan must be prepared at the State/UT level with the active involvement of all stakeholders. Though the housing policies were well conceived, they remained mostly on paper and did not get translated into implementation. This has resulted in huge housing shortages over the years. The McKinsey Global Institute Report (2010, p.130) observed that it would take the country about 100 years to meet the existing housing shortages if the housing is provided at the current pace.

Because of this piecemeal and fragmented approach to urban development, the cities and towns in India have developed in an unsustainable and haphazard manner with poor housing and infrastructure services. There has been a distinctive bias in favour of small and medium towns with the objective of restricting the growth of large cities and promoting balanced development. This approach was found to be unwarranted and counter-productive. The land use controls have restricted the economic growth of large cities without reducing migration. This has increased the burden on the existing infrastructure and created a stress. Lack of internal revenues and allocations from higher tiers of governments have compounded the problem. On the other hand, the small and medium towns did not develop in the way it was anticipated. Contrary to it, the metropolitan and class I cities have increased their share in total urban population as compared to class II and class III cities. The current low levels of services, huge housing shortages and poverty in cities and towns is a testimony of the failure of the fragmented approach to urban development over the years. Research and working papers by Shaw (1996), Kundu (2011) and Batra (2009) which traced the evolution of urban policy have more or less agreed that the urban focus in policy was neglected in the initial years after Independence, the policy focus was problem oriented and mainly through Five Year Plans and the approach to urban policy was fragmented and not coherent.

**Urban Policy under JNNURM**

The arrival of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) programme in the year 2005 has initiated the era of putting an end to this fragmented approach and efforts to address the issues of urban development in a holistic and strategic manner. The JNNURM has many innovative features learned from the experiences of previous years. The JNNURM programme has linked service delivery projects with governance reforms, strategic planning, finances and capacity in urban local bodies. The programme made substantial allocations to ULBs for formulating and implementing



water supply, sewerage, sanitation, solid waste management, urban transport and urban renewal projects provided the ULBs implemented reforms in these areas. In the area of governance the ULBs were required to operationalise the 74 Constitutional Amendment Act to promote greater decentralisation and civil society participation. In the area of strategic planning, the ULBs were required to prepare a city development plan articulating a long term vision, strategy and city investment programme. For strengthening municipal finances the ULBs were required to implement user charges for full cost recovery in the provision of services and improve collection efficiency of property taxes and user charges. For strengthening the capacity, the JNNURM programme provided support to cities for establishing project implementation units and to states for establishing project management units staffed with experts.

The JNNURM programme has recognized the role of cities as engines of economic growth and emphasized on both large cities as well as small and medium towns. The JNNURM programme was made applicable to 65 mission cities comprising of mega cities with 4.5 million population, metropolitan cities with above one million population, capital cities of states and select cities of historical and cultural importance. The MoUD has introduced the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) on the lines of JNNURM targeting the small and medium towns. The emphasis of JNNURM on large cities was to correct the large scale gaps in services arising out of neglect of the previous policies as well as to recognize their role and contribution to national economic growth. The JNNURM programme has given emphasis to service delivery in an integrated manner. Unlike the dedicated schemes for water supply or solid waste management in the previous years, the JNNURM programme has allowed the cities to prioritise the services and implement projects in a number of service delivery areas. Thus cities under JNNURM have taken up water supply, solid waste management and sanitation projects simultaneously. The JNNURM programme has promoted integrated spatial planning and infrastructure provision for both core city and peri-urban areas. The JNNURM has emphasized the need to integrate the peri-urban areas by undertaking strategic planning for the entire metropolitan area for the coming two decades. The JNNURM programme has encouraged cities to adopt public private partnerships to bring in additional finances, expertise and efficiency. The JNNURM programme has provided equal thrust to poverty alleviation and slum development by providing housing services to the poor. The Basic Services to the Urban Poor (BSUP)

component of JNNURM programme has aimed at providing housing to slum dwellers and the poor. The Integrated Housing and Slum Development Programme (IHSDP) provided similar thrust to the small and medium towns. The JNNURM programme together with UIDSSMT, BSUP and IHSDP schemes catalysed and channelised large scale funding for the urban sector which is unparalleled as compared to the previous decades as given in Table 11.

TABLE 11: PHYSICAL AND FINANCIAL PROGRESS UNDER JNNURM

| *Item* | *UIG* | *UIDSSMT* | *BSUP* | *IHSDP* | *Total* |
|---|---|---|---|---|---|
| Seven year allocation (Rs crore) | 31500 | 11400 | 16357 | 6828 | 66085 |
| No. of projects sanctioned | 559 | 808 | 528 | 1078 | 2973 |
| Total cost of project (Rs crore) | 67275 | 14039 | 30416 | 11981 | 123711 |
| Total ACA committed (Rs crore) | 30971 | 11372 | 15092 | 7704 | 65139 |
| Total ACA released (Rs crore) | 18479 | 8469 | 8642 | 4905 | 40495 |
| % of ACA released to ACA sanctioned | 60 | 74 | 57 | 64 | 62 |
| No. of DUs approved (BSUP&IHSDP) in lakhs | NA | NA | 10.3 | 5.7 | 16.0 |
| No. of projects completed (UIG& UIDSSMT) | 127 | 142 | NA | NA | 269 |
| No. of DUs approved (BSUP&IHSDP) in lakhs | NA | NA | 4.4 | 1.8 | 6.2 |

SOURCE: *Planning Commission, 12th Five Year Plan, Volume II, p.323.*

The JNNURM programme has led to formulation of innovative policies and schemes for the poor. The Ministry of Housing and Urban Poverty Alleviation has brought out Rajiv Awas Yojana with the objective of creating cities without slums. The scheme enabled formulating a city wide action plan for slum free cities by providing land rights to slum dwellers and by adopting public private partnership models. The scheme is being piloted in select cities for scaling up. The MoHUPA has also formulated a Street Vendor Policy in 2008. The Ministry of Urban Development has formulated the National Urban Sanitation Policy in 2008 to enable the states and cities



to formulate strategies for universal sanitation. The Service Level Benchmarking exercise of the MoUD has encouraged cities to gradually formulate and implement performance improvement plans for various services to achieve the prescribed benchmarks. The JNNURM programme has completed its seven year term and is extended for another two years. An improved JNNURM-II programme with enhanced funding and with an innovative and holistic approach is being formulated under the 12th Five Year Plan.

**Urban Policy under the 12th Five Year Plan**

Building on the performance of the JNNURM programme, the 12th Five Year Plan has formulated a strategy for urban development for the years 2012-17. The 12th Plan urban strategy is based on the recommendations of the High Powered Expert Committee set up by the MoUD which submitted its Report in 2011. The 12th Plan has identified strengthening of five enables for urbanisation namely governance, planning, financing, capacity building and innovation as the focus of the strategy for urbanisation under the 12th Plan.

The 12th Plan has identified the following as the desired outcomes of planned, inclusive and sustainable urban development.

1. Affordable housing
2. Sustainable livelihood and enterprises
3. Universal access to water and sanitation
4. Quality and affordable public transport
5. Clean and healthy environment

The 12th Plan has further identified the following as the necessary enables to achieve the desired outcomes

6. Strengthen local governance systems
7. Integrate planning organisations and processes
8. Build capacity across all levels
9. Financially empower ULBs
10. Promote innovation in urban management

The 12th Plan has articulated strategies for each of the above areas as well as for specific sectoral areas.

The key strategies under urban governance are as follows:

1. Achieve convergence at the Central Government level across the two ministries
2. Set up municipal service regulators
3. Empower and extend the term of Mayor
4. Strengthen the Unified Metropolitan Authority
5. Introduce citizen charters
6. Increase adoption of information technology at the ULB level
7. Clarification of roles of ULBs and parastatals
8. Set up Area Sabhas and Ward Committees to decentralise urban governance
9. Put in place a fiscal responsibility framework for ULBs
10. Adopt an outcome based approach and put up a robust monitoring mechanism
11. Set up Lokayuktas/Ombudsman at state and city level

The key strategies suggested by the 12th Plan in the area of urban planning are as follows:

1. Every ULB to formulate a city development plan and financial plan
2. Ensuring citizens' participation at the planning stage
3. Constitute/strengthen the metropolitan planning committees and district planning committees and restructure the role of the metropolitan development authority
4. Preparation of spatial development plans by ULBs with technical inputs from utilities, environmental bodies and parastatals
5. Provide incentives for strategic densification of cities/new towns on growth corridors
6. Consider land readjustment as an alternative to land acquisition



The key strategies suggested by the 12th Plan for strengthening the financing of urban infrastructure are as follows:

1. Institutionalise revenue streams for ULBs by incorporating Local Body Finance List through Constitutional Amendment
2. Create robust tax and non-tax stream
3. Ensure revenue sharing from states to ULBs
4. Ensure generation of non-budgetary revenues through innovative measures including monetisation of land
5. Increase user charge collection
6. Establish a comprehensive approach to facilitate People Private Pubic Partnerships
7. Set up a ring fenced city/state level development fund
8. Empower ULBs to leverage municipal bonds including pooled financing
9. Bolster state finance commissions

The key strategies in the area of capacity building are as follows:

1. Central government to create a comprehensive capacity building strategy
2. Institutionalisation and professionalisation of municipal cadre
3. Leverage private sector expertise
4. Establish a reforms and performance cell at the central level
5. Launch five Indian Institutes of Urban Management (IIUM) over the next two Plan periods
6. Facilitate information sharing between urban managers
7. Use ICT and e-governance
8. Strengthen institutions to cater to dynamic urban needs
9. Enter into PPP arrangements for capacity building

The key strategies for leveraging innovations in urban sector are as follows:

1. Provide support and incentives for innovation

2. Use technology extensively in urban management
3. Recognise and replicate innovation

In addition to the above strategies, the 12th Plan has articulated strategies for specific sectors such as affordable housing, urban transport, water supply and sanitation, environment sustainability and creating sustainable livelihoods and enterprises. The strategies in these areas focus on gaps in existing systems and schemes, desired outcomes, actions and reforms required in each sector and key features of proposed schemes.

The 12th Plan has also stated that a JNNURM-II programme will be launched under the Plan as a state sector ACA scheme. The JNNURM-II will have four components, viz,. Urban Infrastructure and Governance (UIG), Rajiv Awas Yojana (RAY), Slum Rehabilitation Scheme for Cities not covered under RAY and Capacity Building. The UIDSSMT scheme is merged with the UIG. The BSUP window of JNNURM and IHSDP schemes are discontinued since RAY and Slum Rehabilitation schemes have a similar focus. Thus it can be seen that a single and holistic JNNURM-II is being launched merging all the existing schemes parallel to JNNURM and targeting all urban local bodies in the country. An indicative outlay of Rs 120557 crore from the Ministry of Urban Development and Rs 43521 crore from the Ministry of Housing and Urban Poverty Alleviation is proposed for the 12th Plan including the allocation for JNNURM-II of Rs 101917 crore of which the MoUD share is Rs 66246 crore and MoHUPA share is Rs 35671 crore. The fund allocation under JNNURM-II would be based on approval of Development Plan as well as a Financial Plan prepared and submitted by ULBs. The funds will be released in installments twice a year and are fungible. The JNNURM-II is conceived as a vehicle to implement the key strategies articulated under the 12th Plan.

**Urban Policy under JNNURM and the 12th Five Year Plan: Issues and Way Forward**

The 21st Century is defined as urban century since it is for the first time in the history of humankind that the world urban population has crossed the 50 per cent mark and exceeded the rural population. Though the urbanisation levels in India are low compared to the world urbanisation rates, the beginning of the 21st Century also marks the beginning of a new phase in Indian urbanisation. According to the 2011 Census, the increase in population in absolute number in rural areas was 90.47 million which is marginally lower than the increase in population in urban areas which is 91 million during 2001 and 2011.



Thus in terms of population added in the last decade the urban areas score over the rural areas and this itself could signify the beginning of new phase. The urban areas in India are emerging as engines of economic growth contributing two-thirds of national income which is likely to go up further to three-fourths in the next two decades. There is a shift in the urban policy in recognition of this growing role of urban areas and the need to capitalise on the same by enhancing their potential. The shift in the policy is visible from a restrictive and controlled approach to urbanisation in the past to an enabling and proactive approach to urbanisation. The decadal growth of urban population during 2001 and 2011 has exceeded the decadal growth rates for the previous two decades indicating that the restrictive policy regime has slowed down the urbanisation prior to 2000 while the shift in policy in favour of urban areas in 2000s has enhanced the urban growth rate. This shift in policy and the emerging trends in urbanisation should be appreciated given the fact that India has low urbanisation levels compared to the world and other countries and urban areas have the potential to promote economic growth and poverty reduction.

The urban policy in India in the past was not only restrictive but was also fragmented and piecemeal in nature. It did not address the issues of governance, reforms, service delivery and poverty in an integrated manner. The JNNURM programme launched in 2005 marked the beginning of a holistic and integrated approach to urban policy to make urban areas inclusive, productive and sustainable. There is a need to strengthen the urban policy based on the performance and lessons from the implementation of JNNURM programme. An appraisal of JNNURM programme was undertaken by Grant Thornton, India in 2011 and some of the observations with regard to capacity building of ULBs that are relevant for the future urban policy are as follows:

1. Implementation of 23 reforms in a span of five to seven years appears to be a considerable challenge for states/ULBs;
2. Most ULBs are not in a position to take up functions like roads and bridges, water supply, etc. as envisaged in 74th CAA due to lack of finances;
3. Most of the ULBs do not have mechanisms and skills for project preparation; and
4. There has been a minimum involvement of ULBs in the preparation of CDPs and DPRs.

The appraisal report has made several recommendations for strengthening the JNNURM programme and it goes without saying that these would be taken into consideration in operationalising the strategy under the 12th Plan as well the JNNURM-II programme. The JNNURM-II Programme has particularly emphasised a great deal on the capacity building process. However, it must be noted that the strategy articulated under the 12th Plan and the reform requirements under JNNURM-II are quite ambitious and demanding. The capacity building processes articulated in the 12th Plan and JNNURM-II need to be rolled out rapidly to achieve their intended objectives and processes. Capacities of ULBs will continue to remain a matter of concern to implement reforms, formulate plans, prepare and implement projects and undertake PPPs.

One area that requires attention by the future urban policy is the relationship between urban and rural areas. There has been an increased recognition that urban and rural areas are not competitive but complementary and there are synergies between the two which need to be promoted to achieve balanced development and poverty reduction. The 12th Plan observed that rural-urban linkages should be strengthened to realise India's growth potential and this would accelerate the growth of rural sector. The High Powered Expert Committee Report observed that urbanisation will lead to growth of farm products and non-agricultural activities in rural areas leading to increased income and employment. The emphasis of the 12th Plan on small and medium towns and peri-urban areas is likely to benefit the immediate surrounding villages and contribute to rural and urban synergies. The Ministry of Rural Development, Government of India has formulated the Provision of Urban Amenities in Rural Areas (PURA) scheme with the objective to provide urban amenities and livelihood opportunities in rural areas to bridge the rural-urban divide in Indian society. The 12th Plan has observed that the implementation of the scheme in the past was not effective and made suggestions for strengthening the scheme under the Plan. The scheme is being implemented under the aegis of MoRD through PPP and an Inter-Ministerial Empowered Committee is constituted for its implementation. However, the role of nearby towns and cities and the state urban development department in implementation of the scheme is not defined. There is a need to explore synergies between the urban and rural departments as well as between gram panchayat and nearby municipality for effective implementation of the scheme.

One aspect which requires attention from the emerging urban policy under 12th Plan is the significant growth in the number of census



towns in the country during 2001 and 2011. According to Census 2011, the total number of towns had increased from 5161 in 2001 to 7935 in 2011 resulting in an addition of 2774 towns. The number of statutory towns had increased from 3799 in 2011 to 4041 in 2011 registering a mere increase of 242 towns. On the contrary the number of census towns had increased from 1362 in 2001 to 3894 in 2011 registering an increase of 2532 towns. A very small increase in the number of statutory town indicates lack of proactive policy by states in constituting census towns into statutory towns. Hence the urban policy should encourage the states to review the criteria for constitution of statutory towns and asses the ground realities and conditions in census towns, Those census towns that could be constituted as statutory towns should be made so. The urban policy should provide for addressing the needs of the remaining census towns. Some of these census towns could be peri-urban areas located nearer to large or small cities and they should be included for development under the JNNURM-II programme. Other census towns which are not part of peri-urban areas and are administered by gram panchayats could be developed under a special policy or in coordination with PURA. If the needs of census towns are not addressed right now, they may grow haphazardly and become unmanageable when they migrate to the status of statutory towns at some point in time in the future.

The emerging framework for urban governance in the 12th Plan and JNNURM-II is in the right direction and should be the corner stone of future urban policy. This framework is also emphasised by the HPEC Report indicating a consensus on the issues such as implementation of the provisions of 74th CAA such as devolving 18 functions to ULBs, constitution of ward committees, metropolitan planning committees and district planning committees. The JNNURM programme has made significant efforts to operationalise the provisions of the 74th CAA but with limited success. The outcome of JNNURM in this regard appears to be 'too little and too late'. Hence the JNNURM-II and future urban policy should focus on how to achieve 'great deal and too soon'. The 12th Plan and JNNURM-II may find it easy to push some of the actions such as greater role of ICT and e-governance, citizen charters and ward committees under JNNURM-II as the JNNURM has made headway in pushing forward these reforms in the last seven years. However, some other provisions such as empowering the Mayor, constituting Municipal Regulator, setting up Lokayuktas/Ombudsman at the state and city level and Fiscal Responsibility and Budget Management Framework may be difficult to push forward and need greater attention.

The urban planning is a core and traditional function of urban local bodies and the strategies articulated by the 12th Plan and JNNURM-II should not be difficult for implementation particularly with regard to preparation of development plan, financial plan and spatial plan and constitution of MPCs and DPCs particularly since the JNNURM has already pushed these reforms. However, strategies such as strategic densification of cities and new towns on growth corridors and land readjustment may be difficult and need attention. There are some *pilots* and good practices in these areas in the country and emphasis should be given to replicating the same. The emphasis should be on developing the existing cities and towns in a planned and efficient manner with adequate services and quality of life. The growth corridor approach may be adopted for achieving fast growth based on long term and strategic planning. Greenfield cities and satellite towns should be developed in a selective and case by case manner as the cost of developing them is found to be far higher than the cost of developing existing cities and towns.

The key strategies and reforms suggested by the 12th Plan and the JNNURM-II for strengthening the financing of urban infrastructure appear to be relatively more difficult for implementation. The suggestion of incorporating Local Body Finance List through Constitutional Amendment could be a long drawn and challenging task. Other suggestions such as setting up a ring fenced city/state level development fund and leveraging municipal bonds including pooled financing could also be challenging. The experience of JNNURM for enhancing tax and non-tax revenues, increasing user charges and facilitating PPPs is also not very encouraging. Hence huge effort is required for operationalising these strategies.

The JNNURM has thrown up many lessons with regard to capacity building and many studies and reports have highlighted lack of capacity of ULBs as the single most factor responsible for poor implementation of reforms and projects. Drawing from these studies the 12th Plan has come up with a comprehensive capacity building strategy. The MoUD has already initiated capacity building process under JNNURM by establishing project management units at the state level and project implementation units at the city level. Consolidating and strengthening the capacity building initiatives under JNNURM-II will not be difficult particularly since the MoUD has supported setting up of Centres of Excellence in Urban Development which have been providing training and handholding support to cities. The MoUD has also initiated implementation of ICT and e-governance initiatives and peer to peer learning networks. One component of capacity



building which needs greater attention would be developing municipal cadres in states since it is a policy decision and needs support from the state leadership. The capacity building for promoting PPPs also need special thrust since the urban service sectors are complex, unviable and not easily amenable to PPPs. The strategy for leveraging innovations in urban sector is a quicker way of enhancing capacities, reforms and service levels. The envisaged strategy of providing support and incentives for innovation, use of technology and recognising and replicating innovation under the 12th Plan is not a difficult task since JNNURM has put in place such a system by establishing JNNURM Awards and National Urban Water Awards. The recognition and reward system for innovations under JNNURM can be easily taken forward and strengthened under the 12th Plan and JNNURM-II.

Thus, the strategies under the 12th Plan and JNNURM-II in the areas of necessary reforms enable *inter alia* governance, planning, financing, capacity and innovation are likely to have a mixed success in terms of implementation with some getting implemented easily and some having difficulty in implementation requiring special attention. However, the challenges in implementation of the 12th Plan strategies are likely to be more with regard to sector-specific strategies related to water supply, sanitation, solid waste management, urban transport, housing, livelihoods and enterprises and environmental sustainability. The ULBs across the country need to formulate and implement projects in these sectors with necessary reforms to achieve the Service Level Benchmarks articulated by the MoUD. A mere look at the SLB indicators and the current service levels in ULBs makes one concerned about achieving these benchmarks within the 12th Plan and JNNURM-II period. Except for one or two cities, no other city has 24X7 water supply and the status on individual connections, metering, O&M cost recovery and collection efficiency in almost all cities is nowhere near the benchmarks. With regard to solid waste management indicators such as door to door collection, source segregation, treatment and disposal the compliance with MSWM Rules 2000 is low and it may not be exaggeration to state that not a single city in the country complies fully with the Municipal Solid Waste Management Rules 2000. The Rajiv Gandhi Awas Yojana is only in the pilot stage and the implementation of BSUP and IHSDP projects was slower as compared to the UIG and UIDSSMT projects. Same is true with sanitation and urban transport sectors. Thus the implementation of sectoral strategies could be challenging and hence priority should be given to formulation of sectoral plans and projects by ULBs by providing the necessary capacity support under the Plan and JNNURM-II to achieve maximum

impact and compliance with the SLB indicators. The ULBs may also require handholding support in preparing the Financial Plan and in operationalising the concept of fungibility in an effective manner.

The 12th Plan and JNNURM-II present a great opportunity for developing and implementing a proactive and comprehensive urban policy and strategy to usher in a golden era in Indian urban development leading to high level of economic growth and poverty reduction. It is the responsibility of all urban institutions, governments and stakeholders to work hand in hand to ensure the smooth implementation of the urban policy and strategy articulated by the 12th Five Year Plan and the JNNURM-II Programme in the coming next five to seven years.

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