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THE GREAT URBAN CLEAN-UP: AN UPDATE



About 260 projects worth over Rs 22,000 crore have been approved under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) since its launch in December 2005 to provide funds to overhaul urban infrastructure

WESTINDIA DOMINATES

Four states account for 60 per cent of the projects. Under the mission, Maharashtra has the largest number of projects, 48, worth Rs 6,600 crore. Gujarat is a close second with 44 projects and Andhra Pradesh follows with 33 approved projects. Karnataka has 32 projects under its belt

SPIFFING UP WATER AND TRANSPORT SERVICES

Bulk of the funds approved are for water and transport. Water supply accounts for over a third of the funds approved (34 per cent), sewerage works account for 26 per cent and drainage 11.4 per cent. These are followed by mass transport (10.8 per cent), roads and flyovers (9.4 per cent) and solid waste management (6.3 per cent).

About 10 projects, including a water supply project in Karnataka, and flyovers and bridges in Hyderabad and Ahmedabad, have been completed.

Rs 1 LAKH CRORE OR MORE

The mission will pump in at least Rs 100,000 crore into the 63 identified cities over its seven-year term (2005-2012) to ensure basic services to a fast-rising urban population. Of this, Rs 50,000 crore will be in the form of direct grant by the central government, while the balance will be mobilised by state governments and urban local bodies (ULBs). For projects under the public-private partnership (PPP) mode, there would be some contribution from the private sector also.

RATING URBAN BODIES

Urban local bodies in these cities will be credit-rated in the next few weeks. CRISIL estimates that these local bodies will need to borrow Rs 30,000 crore to finance infrastructure projects for a minimum

tenure of 10 years. However, the country's under-developed municipal bond market has reported only 13 municipal bond issues worth Rs 733 crore. The mission could spur the development of the municipal bond market or crowd out the issues planned.

SOME SLOW MOVERS

A pre-requisite for accessing funds under the mission is a memorandum of agreement (MoA) between the cities and the central government (Ministry of Urban Development). While 58 such MoAs have been signed, three are yet to be signed with Jharkhand (Ranchi, Dhanbad and Jamshedpur), and one each with Goa and Puducherry. Cities are then required to draw up a city development plan (CDP), detailed project reports (DPRs) and commit to timelines for urban reforms — which include repeal of the urban land (ceiling and regulation) Acts, reform of rent control laws, rationalisation of stamp duty, adoption of modern accounting methods at the municipal level, reform of property-tax systems and levy of reasonable user charges. Disbursal of funds is linked to the progress on the project and the mandated urban reforms.

INCREASING ALLOCATIONS

With 40 per cent of the overall population expected to be living in urban areas by 2012, against less than 30 per cent in 2001, the ministry is lobbying for an increased allocation.

TOMORROW'S CITIES

These will have basic level of services for all residents (including slums) and "financially self-sustaining agencies for urban governance and service delivery."

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