

Whither Urban Renewal?

The Jawaharlal Nehru National Urban Renewal Mission is an ambitious programme to build infrastructure in India's cities and towns. However, the mission does not sufficiently recognise that the core urban deficit is not the lack of infrastructure but the lack of local self-governance.

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The common minimum programme (CMP) committed the UPA government to "a comprehensive programme of urban renewal and to a massive expansion of social housing in towns and cities, paying particular attention to the needs of slum dwellers".¹ In apparent pursuance of this objective, the government of India launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) on December 3, 2005. JNNURM aims to create "economically productive, efficient, equitable and responsive cities" by focusing on "(i) improving and augmenting the economic and social infrastructure of cities; (ii) ensuring basic services to the urban poor including security of tenure at affordable prices; (iii) initiating wide-ranging urban sector reforms whose primary aim is to eliminate legal, institutional and financial constraints that have impeded investment in urban infrastructure and services; and (iv) strengthening municipal governments and their functioning in accordance with the provisions of the Constitution (seventy-fourth) Amendment Act, 1992".² It is divided into two submissions, one for urban infrastructure and governance and other for basic services to the urban poor, which will be administered by the ministry for urban development, and urban employment and poverty alleviation respectively.

JNNURM will support 63 cities, which include seven 4-million plus mega cities (the four metros, Ahmedabad, Bangalore and Hyderabad), 28 million plus cities, e.g. Indore, Jamshedpur and Pune and 28 other sub-million cities, which are either state capitals or cities of particular cultural, historical or tourist significance, such as Pondicherry, Gangtok, Shillong and Ujjain. JNNURM is still an evolving programme,

e.g. cities like Jamshedpur and Gangtok, listed as eligible for JNNURM, do not yet have elected local bodies, which is a precondition for eligibility.

Over the next seven years, a major portion of the outlay on JNNURM will be in the form of central grants. Two questions arise in this context. First, do we really need to focus national resources on our cities and second, if so, is JNNURM the right way of focusing it?

Characteristics of Indian Urbanisation

Over 1991-2001, our urban population rose by about 68 million, to 284 million (see the table). Of this, only 20 million was migration from rural areas. The contrast with China, where migration accounts for 90 per cent of the increase, is striking. Global experience indicates that rapid economic growth results in agglomerations with large populations and high levels of poverty. So, if growth is to continue at the current high levels, India will have to learn to live with many "big and poor cities". These will be resource intensive, as all big metropolises are, but even more so since they will lack the ameliorative concerns for environment that tend to appear only at higher levels of income.

Thus, if one thought that urbanisation in India is producing problems, the real big wave is yet to hit, and our cities are as yet unprepared for this eventuality.

There are two ways of responding to this. One is to try and stop it from happening (or at least slow it down – which has been the policy of government so far).³ The other is to accept that "our urban economy has become an important driver of economic growth [and]...the bridge between the domestic economy and the global economy" and that "urbanisation is a relentless process, which has come to stay and has to be factored into all our developmental thinking and development processes"⁴ and prepare to manage the consequences. One should also recognise that Indian cities grow because they have poor people, who lubricate and drive urban growth and also keep it manageable and relatively inexpensive. Over 81 per cent of urban male slum dwellers are literate as compared to 86 per cent of all urban residents and about three-fourths of them are workers compared to about two-thirds of all residents. Further, there are strong links between rural and urban incomes that go beyond remittances. Rao et al (2004) shows how urbanisation enhances and stabilises agricultural incomes by providing a market for diversified agricultural production. It can also raise income for rural labour, e.g. the ratio of wage income to total income for Chinese farmers has risen from 13.2 per cent in 1985 to 30.4 per cent in 2001 [Angang et al 2003]. This requires attention to local transport links and, over time, investment in rural education, beyond simple literacy (79 per cent of rural literates have a sub-secondary education, compared to only 58 per cent of urban literates). To summarise, the rise

Table: Urbanisation in India and China

| | Popn Growth (Per Cent) | Urban Popn (2001) (inMillion) | Change in Urban Share (Per Cent) | Increase in Urban Popn (inMillion) | Urban Growth Rate (Per Cent) | Migration to Urban Areas (Million) | Other Urban Increase (inMillion) | Natural Urban Growth (Per Cent) |
|---------------|------------------------|-------------------------------|----------------------------------|------------------------------------|------------------------------|------------------------------------|----------------------------------|---------------------------------|
| China 1990-01 | 11.4 | 450 | 9.9 (36.1)# | 157 | 53.5 | 141 (90.0)* | 16 | 5.3 |
| India 1991-01 | 21.5 | 285 | 2.2 (27.8)# | 68 | 32.6 | 20 (28.6) | 58** | 16.2 |

Notes: Figures in brackets are percentages.

share of urban population in total, 2001. * migration as a share of increase in urban population.

** See Kundu (2003). This includes about 13 million due to newly classified towns, expansion in area and merging of towns, which is removed for calculating the natural urban increase in the next column. Chinese urbanisation data is often criticised for not clarifying the extent of growth due to reclassification.

of big cities in India is an inevitable consequence of growth, but these cities are productive, even if poor, and also have strong existing and potential linkages to rural areas. The choice is between retarding urbanisation by slowing down growth or accepting the challenge of managing the urbanisation consequences of rapid growth such that the benefits from growth are optimised.

Indian cities do not as yet have the fiscal strength to cope with this test. This is in part due to their limited taxation powers due to insufficient decentralisation and inadequate use of user charges⁵. Furthermore, their administrative capacity is low because the cities have not been expected to take major decisions. As such, both the political leadership and bureaucratic machinery have a low profile compared, for example to China, where many members of the central leadership have served as mayors of major cities, and consequently do not attract suitable talent. Thus, the challenge is to manage rapid urbanisation with limited financial and administrative capacity. Hence, an intervention that responds to these gaps is sorely needed, but is JNNURM the one that we are looking for?

Basic Features of JNNURM

The JNNURM walks on two legs – one of reform of legal, institutional and financial constraints and the other of providing funding for infrastructure building. The reforms are separated into mandatory and optional,⁶ which apply to both state and urban local bodies (ULBs). They can be conveniently grouped into a set of key objectives. In addition to (a) decentralisation through implementation of the 74th amendment and assigning to or associating elected ULBs with city planning, which is a state level reform condition, the other conditions seek to (b) increase participation and transparency, through accounting reform and e-governance at the ULB level,⁷ and a public disclosure law and community participation law at the state level; (c) increase ULB revenue through reform of property tax and levy of reasonable user charges and reduce cost with the help of VRS, so as to recover full O&M costs; (d) improve services to the poor through budget earmarking, enhancing security of tenure at affordable prices, and earmarking of land for the economically weaker and low income categories in all housing projects “with a system of

cross-subsidisation”⁸; (e) reform land management with the repeal of the Urban Land Ceiling and Regulation Act (ULCRA), reduction in stamp duty, reform of rent control, streamlining of building approval, transparent procedures for conversion of agricultural land, computerising property titling and land registration; (f) conserve water resources through laws for rain water harvesting and the use of recycled water and finally; (g) undertake “structural reforms” (an open description which is another example of an evolving JNNURM) and encourage public-private-partnerships (PPPs) to improve services and reduce cost.

The other leg, i.e., provision of additional central assistance for infrastructure, is to be based on a city development plan (CDP). The CDP is aimed at helping the ULB to (i) develop a vision for its city; (ii) ascertain the gap between existing infrastructure and investments; and (iii) set out priorities, sequencing and timelines for undertaking various reforms and specific investments, including the means of financing them. The two legs are joined by the execution of a tripartite memorandum of agreement (MoA) between state governments and the ULBs (including parastatal agencies where necessary) and the government of India, which will indicate the state and ULB’s commitment to specific milestones for the legal, institutional and financial reform conditions mentioned above.

Detailed Project Reports (DPRs) for the identified investment projects would be submitted along with the MoA. These DPRs would be scrutinised by the technical wings of the ministry or, if necessary, by specialised/technical agencies before being considered for sanction by a central sanctioning and monitoring committee (CSMC) in the ministry of urban development, chaired by the relevant secretary and comprising solely of officials in the central government and the chairperson of HUDCO.⁹ Projects of urban renewal, water supply including sanitation, sewerage, solid waste management, drainage, and urban transport including roads would be accorded priority by the CSMC, as would projects with private sector participation. Larger ULBs (cities with a population above 4 million) are expected to contribute (this can be in the form of loans from financial institutions) 50 per cent of the total cost, while the other million plus cities need to contribute only 30 per cent. The central government would contribute 35 per cent and 50 per cent respectively

and the state government is to make up the balance. For urban transport projects, the central share can be even higher. In the case of basic services to the urban poor, the central share even for the larger ULBs is to be 50 per cent (there is no increase for the other cities) and the contribution of the state and the ULB are clubbed together, i.e., if the state is willing to provide the necessary funds, the ULB need not raise any resources, beyond a minimum stipulated beneficiary contribution of 12 per cent (10 per cent for weaker sectors).

Central funds would be released as grant to the state governments who have the flexibility to disburse it to ULBs or parastatal agencies as a soft loan or grant-cum-loan or grant, taking care to ensure that 25 per cent of central and state grant put together is recovered. At the end of the JNNURM, this recovery can be converted to a state urban infrastructure fund. The first instalment of 25 per cent will be released on signing of the MoA. The balance amount shall be released upon receipt of the utilisation certificates subject to achievement of milestones agreed in the MoA.

In each state, a steering committee, which will be assisted by a state level nodal agency (chosen by the state), would decide and prioritise projects under JNNURM. The composition of this steering committee, chaired by either the chief minister or the housing minister and comprising ministers, mayors, MLAs and secretaries, has been prescribed in the JNNURM guidelines. For infrastructure projects, the state level nodal agency will also submit quarterly monitoring reports to be reviewed by designated central government officers and CSMC. The monitoring of reform implementation would be outsourced to specialised agencies. In the case of basic services to the urban poor, “the schemes of health, education and social security will be funded through convergence of schemes and dovetailing of budgetary provisions available under the programmes of respective sectors (health, human resource development, social justice and empowerment and labour, etc), but will also be monitored by the ministry of urban employment and poverty alleviation”. This is an innovation in inter-ministerial co-ordination!

On completion of JNNURM, the cities are expected to have (a) a city-wide framework for planning and governance, (b) transparent and accountable local

services with e-governance in core functions and modern and transparent budgeting, accounting, financial management systems, and (c) financially self-sustaining (through reforms to major revenue instruments) agencies for service delivery to provide a basic level of urban services, especially to the poor.

Will JNNURM Succeed?

The JNNURM has been criticised, e.g., by Raghu (2005), for a adoption of a neo-liberal reform trajectory and forcing uniform policy conformity among ULBs through an executive instrument, overriding efforts at different types of decentralisation in various states. A major objection is to the effort to move towards full cost recovery, commercialise urban and civic services, introduce private participation and make land management flexible. It is useful to consider these in detail.

The cost recovery of infrastructure through user fees is sometimes seen as an anti-people measure. However, without user fees, infrastructure will have to be paid for through taxes. State level taxes are usually regressive and thus fall disproportionately on the poor. The use of general state taxes to finance the provision of infrastructure in urban areas, especially to the non-poor,¹⁰ is particularly egregious because taxes collected from the poor are spent to provide subsidised services to those who have the ability to pay. It is necessary to realise that the non-poor need to pay for provision of urban services through property taxes and user fees – not just for commercial sustainability, but also for equity. A concomitant benefit of imposing higher financial charges on households that have high levels of consumption is to help conserve resources such as water and help to increase environmental sustainability.

While the poor can be provided subsidised services, many residents of low-income slums, can meet the costs of O&M (and sometimes even more). User fees at this level will not only give them a stronger voice as a revenue contributing consumer, it will also safeguard against the deterioration of the network, which forces them to go to alternatives at much higher cost. Experiments have now started with innovative payment models targeted to poorer residents. In this, community models cannot only improve the level of urban services, e.g., metered water supply to slums in Bangalore, they can also provide

livelihood opportunities, such as the outsourcing of solid waste collection to women SHGs by ULBs in Andhra Pradesh and Kerala.

Before lamenting the introduction of private participation in urban services through PPP, it is important to recognise that most expenditure on urban capital investment is already executed by the private sector, usually through the use of small item-rate civil works contracts. The use of such contracts allows the private sector to escape accountability, for it bears little responsibility for the facility after construction. More often than not, water and sewerage treatment plants lie unused, consume much more electricity than expected, and roads are pitted with potholes. The already strained budgets of the ULB bear the burden of increased maintenance cost and the citizens bear the burden of bad service. By contrast, in a PPP, the private operator is contractually bound to bear the risk of service provision and its revenue flows depend on meeting pre-specified performance parameters. Used wisely, it can be a strong tool for increased accountability and better service provision, especially to the poor since private providers are more responsive to financial penalties as compared to public providers. Furthermore, the introduction of private participation brings a higher degree of oversight from regulators,¹¹ media and more importantly, consumers, who are unfortunately, otherwise blasé about poor service delivered by publicly-owned authorities.

The effort must therefore be to ensure that this additional tool of accountability does not become blunted. One wonders, however, if JNNURM's approach to PPP is tokenism. For all the emphasis on "effective linkages between asset creation and asset management", the focus on DPRs to be submitted with the MoA, and utilisation certificates for monitoring projects, lead one to suspect that their approach is still mired in the bog of civil works contracts.

Monitoring is extremely important if the private sector has to have the right incentives. With credible oversight, long-term concessions combining investment and operations and management can be effective for water supply, wastewater and solid waste treatment, roads, transport services and service level agreements can be used for citizen interfaces. Such management has major implications for human resources at the urban government level.

Allowing mixed development of ULBs in JNNURM, along with the requirement

to repeal the ULCRA, has led to fears of capture by the "land mafia". The "land mafia" has prospered by exploiting the scarcity of land, which is often an administrative artifice, and their ability to have deviations approved from often unenforceable land use regulations and city plans. The approach so far has been to abandon the older and inner cities and for the development authority (usually a state and not a ULB entity) to acquire land to develop new urban areas. This benefits the "land mafia", who are able to corner adjacent land in anticipation of development. Not only does this lead to tension between the city and those whose land is being acquired, it also increases the cost of service because only limited benefits of agglomeration are realised. The alternate option of allowing mixed development in existing older urban areas, is likely to weaken rather than strengthen the hold of the urban "land mafia".

Another concern of some commentators, like Kundu (2003), is the growing concentration of urbanisation, which is now focused in the more developed states. To some extent, with the onset of liberalisation and the greater freedom afforded to market forces in economic choices, e.g., industrial location, a certain increase in concentration is to be expected as agents respond by exploiting the benefits of agglomeration economies. What should be avoided, however, is a flight to the more developed urban areas that is driven not by their economic pull, but because the lack of any viable alternative in the less developed areas pushes economic activity away. JNNURM, by focusing on all the million-plus cities, makes such push-driven primacy less likely, which will improve the options for economic activity at these non-traditional locations.

So, if these concerns are misplaced, can it be expected to be a success? Unfortunately, there appear to be other problems, which are fundamental to the implementation of JNNURM.

To begin with, there is a basic disquiet with reform conditionality based financing. First, if the same agency is responsible for both monitoring the progress of reform and for financing, the tendency is to emphasise one objective or the other and usually, the financing objective gains prominence. When that happens, conditionality is no longer credible since money will be disbursed even though conditions are not met, as has happened with, for example, the World Bank.¹² Hence, to stop inappropriate projects from happening, it

is important to bring the due diligence exercised by financial institutions (who admittedly will only consider the financial appropriateness of the project) to achieve separation of financing and conditionality and the JNNURM is doing this to some extent. Second, at the other end, a strong conditionality focus may filter out good interventions with the potential to benefit the poor, from happening in unhelpful environments. This is an admittedly more risky strategy (for it is difficult to sustain even well-designed approaches in such environments) but, if successful, can lead to the establishment of institutions that are insulated from their environment – and can, by their very presence and activity, create a constituency for positive change. Third, a salutary lesson from World Bank's conditionality experience is that reform is unlikely if there is no strong intrinsic constituency for change. If so, the primary benefit of conditional finance is that they provide a means by which reform-minded ULBs can distinguish themselves from others by being able to publicly commit to a set policy measures. Given the tendency of financiers to relax conditionality, such commitment can be measured by its willingness to meet certain preconditions before disbursement. It is here that JNNURM's principle of MoA before money is important, but its strength is diluted since ULBs are permitted to commit to a schedule of implementation rather than undertake up front reform. However, in what follows, we will consider issues that go beyond these concerns and focus on issues relate more to implementation.

The beginning of any sensible planning exercise is good data. The investment programme of JNNURM is critically dependent on the quality of the CDP. As of today, few ULBs (Bangalore is a notable exception) have a digital cadastral map¹³ of reasonable accuracy and none have a process of updating it, were such a map available for such a process would require a complete digital property titling and computerised land record registration – one of the objectives under the JNNURM. The creation of such a map in any major city is not expensive (of the order of a few crore rupees), but it is beyond the budget of any preparatory support from JNNURM. Thus, a ULB has either to spend its own money or go through the quasi-subterfuge of proposing to commission a cadastral as part of a property tax enhancement project.

In the absence of a cadastral, the CDP submitted by the city can only be based

on broad parameters. Thus, if a city were serious about effecting a change in its planning and project identification and development process, it is unlikely to be able to prepare a CDP and submit DPRs in the next few months, for a good cadastral survey itself would take some time, even if done expeditiously. By contrast, CDPs, for cities such as Indore, have reportedly cleared the state approval process and have been sent onward to the central government for consideration.¹⁴ It is difficult to envision how sensible DPRs can be prepared without an accurate cadastral. However, business-as-usual DPRs are possible and the JNNURM, by ignoring the need for a good cadastral appears to encourage this. This appears to be a dangerous trade-off in favour of speed of implementation over the quality of infrastructure investments.¹⁵ This may be an example of the bias towards financing mentioned above.

However, it is not that JNNURM cannot be operationalised until cadastrals are completed. Not all types of projects are critically dependent on such information. For example, installing sewerage treatment plants at the outfall of existing nullahs may possibly be a sensible project requiring limited data to justify. Similarly, the long-term contracting out of maintenance for roads that form the core transport corridor is also possibly a good decision in terms of investment priorities. But, planning any major transport investment or investment in water distribution or sewerage collection networks would be much better if the relevant decision-makers had access to accurate information. A benign interpretation of this neglect of data is that JNNURM continues the hoary Indian tradition of decision by Delphi rather than by data.

'Centre Knows Best'

A less charitable interpretation would argue that, despite the call for decentralisation, the short shrift being given to the CDP reflects, in part, a tendency of the central government to arrogate the responsibilities of the ULB. The focus of JNNURM is more on the provision of the infrastructure projects, rather than the strengthening of municipal governments, which incidentally is the last of four objectives in JNNURM. A reading of the emerging documentation from JNNURM¹⁶ seems to indicate the implementation of the programme looks no different from a standard centrally sponsored scheme for

supporting capital works. The relationship between the central government, state government and the ULB is similar to that of a refinance institution, a lending institution and a borrower, rather than that of three levels of government working in tandem to provide services to urban citizens. Even the composition of committees at the state level to decide on projects is specified by guidelines issued by the central government.¹⁷ Rather than building genuine decision-making capacity at the ULB level, the impression created by the JNNURM project approval process is still that "centre knows best".

As an example, consider the JNNURM mission objective to plan development such that "urbanisation takes place in a dispersed manner". Indian cities are much less dense than other cities elsewhere in the world [Bertaud and Malpezzi 2003]. Since the fixed cost of service provision per unit area can be spread over a larger number of consumers, some amount of "concrete jungle" may be more cost-effective to provide essential services in dense areas as compared to dispersed settlements. A significant part of urban renewal is to redevelop existing areas and equip them with the kind of infrastructure that is needed to cope with higher densities, e.g. wider roads, electricity, water and sewerage lines that can bear a heavier load, etc. But the guidelines convey the impression that this decision on density is not the domain of the ULB but that of the central government. On the ground, if ULBs are allowed to decide, some may increase density while others will not. This decision would ideally emerge out of a constructive debate between proponents on either side, in the context of local conditions. Nurturing such decision-making capacity is critical to the sustainability of the urban renewal process.

Some would argue that it is premature to talk of decentralisation when the central government is providing most of the finance. But, while own sources of revenue for ULBs are an integral accompaniment to decentralisation of authority, it is important to remember that the need for financial devolutions from state and even central governments arise because the Indian tax collection system is centralised at the state or central level, unlike for example, China, where the city collects the taxes and sends it up the administrative hierarchy.¹⁸ In this context it is important that the central support be viewed less as a handout, and more as an entitlement and

it is precisely this that central and state finance commissions seek to achieve. Furthermore, for those who argue for stronger conditionality and a simple but significant financial incentive, it may be difficult to impose too many conditions on ULBs until they acquire sufficient authority, i.e., after the state decentralises the administrative machinery. For example, APRDP-type incentive payments (as used in the electricity sector) for own revenue increases or reduction in unaccounted for water (UFW) may not be useful if the ULB has only limited revenue sources (as a result of inadequate decentralisation by the state) or if the water supply system in the ULB has been constructed and is being managed by a state-level water utility, outside the administrative control of the ULB.

It would therefore appear that there is no substantial case for continuing with the current slow and measured pace of decentralisation in JNNURM. There are at least two other areas where the design of JNNURM leaves a feeling of discomfort.

Consider its attitude towards the poor. Is separating JNNURM into two submissions, one on urban infrastructure and governance and the other on basic services to the urban poor a matter of administrative necessity, given the political need to have two separate ministries? Or does it separate the poor and the city by failing to recognise them as an integral part of the urban economy and reflect the old mindset that the rich need infrastructure the poor need amelioration? It is particularly worrying to note that, though JNNURM does refer to security of tenure as a key reform, putting in place mechanisms to ensure the continued supply of low cost housing¹⁹ does not appear to be of high priority, beyond a misplaced suggestion for financing through “cross-subsidisation”. This lack of thought is also evident in designing a uniform central share of grant (i.e., 35 per cent) for all large cities, regardless of their population composition, which varies from over 50 per cent slum population in Mumbai to less than 1 per cent (!) in Patna.²⁰ However, the proposed single-agency (MoUEPA) monitoring mechanism can be a singular institutional innovation.

Finally, beyond a desultory nod to sustainable development, there is little mention of environmental issues in JNNURM. However, the prioritisation of water, sewerage, solid waste and transport projects holds out hope that better sense may prevail during the project preparation process.

As noted earlier, given the state of data of our cities, environmentally sensible projects, like sewerage treatment plants are perhaps among the few least likely to become stranded.

Conclusion

It is evident that our cities do not have adequate infrastructure. That is merely the symptom. The disease is that they do not have a government that can enable the citizens to decide to provide themselves the infrastructure they need and the financial powers to pay for it, if they so decide. In an ideal situation, an elected ULB would base its investment programme on a data-rich CDP, work out the financing mix of taxes (including statutory devolutions from the state finance commissions) and user fees based on their citizen’s response and participation. They would be supported by a cadre of professional urban managers, who will be capable of responding to the expressed wishes of the urban citizen. The role of the state and central governments would be to provide additional funds, especially for specific projects of regional or national importance and transitional support for the ULBs as they take on move to full self-governance.²¹

While it may be utopian to expect this transition to happen overnight (as other countries are discovering in an international context!), and while it may be unwise to immediately hand over all decision-making to an elected ULB with patently little capacity, we can surely trust our democratic ethos a bit more. Managing a big and poor city requires voters to have the political will and the ability to punish. The right to information and public disclosure laws should help in this process (JNNURM’s own document dissemination policies are a good beginning²²), but currently, the urban voters cannot vote out the real decision-makers for their locality, since the critical decisions are still being taken at the state level. A clear and short road map to genuine participative democracy in the ULB where a strong and powerful elected government is responsible for its own successes and failures is what is needed for sustainable urban renewal.

It is this fundamental transformation in governance, where it is conceivable that a politician would rather be mayor of Bangalore than chief minister of Karnataka, which will bring sustained urban renewal. Such change is unlikely to emerge from the bureaucratic processes of government. One

must look for it in the political processes of democracy. As mentioned earlier, a salutary lesson from World Bank’s conditionality experience is that reform is unlikely if there is no strong intrinsic constituency for change. The beginnings of such a constituency are already evident in many cities, but it is as yet out of the mainstream agenda of political parties, where the current electoral system, focused at the state-level, produces political leadership and an agenda that is more reflective of the rural electoral base. But, just as panchayati raj has come to be seen as essential for better rural governance, it needs to be appreciated that the core urban deficit is not the lack of infrastructure but the lack of self-governance, as envisaged in the 74th amendment to the Constitution. Until that happens, the legacy of JNNURM, focused as it currently is on infrastructure provision, may unfortunately be limited to water and sewerage treatment plants that remain unused, and iconic metro railway systems that do not address the transportation needs of the poor. One hopes to be proven wrong. **EPW**

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Notes

- 1 “Urban renewal”, which came to be associated with the redevelopment of inner city neighbourhoods, has often been criticised for the relocation of the poor and powerless, without adequate thought to alternative opportunities for these communities. The CMP is sensitive to this aspect for it goes on to say “Forced eviction and demolition of slums will be stopped and while undertaking urban renewal, care will be taken to see that the urban and semi-urban poor are provided housing near their place of occupation”.
- 2 Preface to the JNNURM Toolkit. See <http://www.urbanindia.nic.in/moud/programme/ud/jnnurm/Preface.pdf>
- 3 A sophisticated version promotes dispersed urbanisation, but by many standards, e.g., Henderson (2003), India is already quite dispersed, with only a quarter of the urban population in the million-plus cities. Indeed, it may be at a sub-optimal level of primacy for its level of development. Trying to design urban growth in India such that they reflect small and genteel European towns is not only unlikely to succeed, it may also not be desirable as it implies dispersed provision of urban infrastructure, which may not be affordable at this stage of India’s development.
- 4 Quotes are from the prime minister’s speech at the inauguration <http://pmindia.nic.in/speech/content.asp?id=235>. See also Mohan (2006).
- 5 ULBs are particularly disadvantaged because land taxation invites relocation to the periphery, leaving few factors of production to tax as capital is already internationally mobile and labour has low income. Between 2001-02 and

- 2002-03, their revenue (both own and total) declined by over 15 per cent and consequently, expenditure, including revenue expenditure, declined by over 12 per cent.
- 6 The nomenclature of mandatory and option reform is misleading since both have to be implemented over the duration of JNNURM. The schedule of implementing mandatory reforms has to be pre-specified by the state in its MoA while the timing of optional reforms is flexible within the seven-year duration of the mission.
 - 7 Technology is critical to planning and monitoring, e.g. digital cadastral for land use and property taxes, planning for road improvements based on traffic flows, etc.
 - 8 The guidelines for the two JNNURM submissions are available at <http://muepa.nic.in/programs/bsup.pdf> and http://urbanindia.nic.in/moud/programme/ud/jnnurm/guidelines_jnnurm.pdf. Unattributed quotes are from them.
 - 9 The CSMC chaired by the secretary (urban development) would comprise the secretary (urban employment and poverty alleviation), the principal adviser (housing and urban development) in the Planning Commission, the joint secretary and financial adviser, the chief planner, Town and Country Planning Organisation, Adviser, CPHEEO, chairman and managing director, HUDCO and the joint secretary (urban development) as member-secretary.
 - 10 The urban poor rarely benefit from these services. According to the Census of 2001, less than half (49.7 per cent) of urban households have a drinking water tap within premises, even less have a water closet (46.1 per cent) and just over a third (34.5 per cent) have closed drainage.
 - 11 Monitoring is extremely important if the private sector has to have the right incentives. With credible oversight, long-term concessions combining investment and operations and management can be effective for water supply, wastewater and solid waste treatment, roads, transport services and service level agreements can be used for citizen interfaces. Such management has major implications for human resources at the urban government level.
 - 12 See World Bank (1998), which argues that the effort of donor agencies "buy reform", by offering assistance to clients that were not otherwise inclined to reform, has failed.
 - 13 A cadastral survey is one on a scale sufficiently large to accurately show the extent and measurement of every field or other block of land.
 - 14 See 'JNNURM okays City's Development Plan', *Hindustan Times* (Bhopal edition) January 29, 2006. http://hindustantimes.com/news/5922_1611101.0015002100020000.htm
 - 15 Another issue is that the CDP is not at the level of an urban agglomeration, but at the level of city. At this time, JNNURM is not contemplating any institution to coordinate the CDPs of ULBs in a single urban agglomeration. This is likely to become a problem sooner than later.
 - 16 See <http://urbanindia.nic.in/moud/programme/ud/main.htm>
 - 17 There is some limited attempt to ensure that the capital works being financed emerge out of a consultative process (including a national advisory group headed by a technical adviser drawn from civil society) and the projects are focused on addressing key gaps in public transport, water and sanitation and providing services to the urban poor.
 - 18 During the initial period of post-1978 reform cities like Guangdong and Shanghai were allowed to keep very high shares of revenue collected. See Wong (1997).
 - 19 For example, in relocating existing slums, it is important to focus on building neighbourhoods instead of simply building houses. A neighbourhood, along with appropriate financial and administrative mechanisms for allotment of housing, decreases the probability that the persons would re-sell a subsidised allotment and reestablish a slum. Furthermore, the continued supply of low-cost housing that is usable by the poor is an issue of land management, transport networks and financial mechanisms to target subsidies, all part of overall urban governance.
 - 20 Besides, the challenges in each ULB will be different. In some, special effort will be needed to reach water, sanitation, health and education to the slums, in others the general service delivery mechanism will do. Decisions as to the mix of user fees and taxes and extent of community development will also differ from one ULB to another.
 - 21 ULBs should be able to decide the extent of public transportation, the choice of mass rapid transit systems, whether high capacity bus systems or metro rail, and use the transport networks to try and shape what their city looks like. They should have the capacity to decide whether to build flyovers or hire better trained traffic police instead. To finance all these, they should have, for example, the ability to tax gasoline purchase in the ULB.
 - 22 See <http://urbanindia.nic.in/moud/programme/ud/jnnurm.htm> and http://muepa.nic.in/rtri/rtri_index.htm

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