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**Developing Urban Facilities**

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In the budget proposals presented on 28 February, 2005, the Finance Minister announced the launch of a National Urban Renewal Mission (NURM), with a proposed outlay of Rs. 5,500 crore. In introducing the Mission, the Finance Minister observed that India was faced with the challenge of urbanization, which had to be met by providing “urban facilities of satisfactory standards”. On an earlier occasion, the Prime Minister, articulating the commitment contained in the National Common Minimum Programme, had emphasized the need to develop urban infrastructure and services and formulate policies that would “encourage urban development and urban renewal”.

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is designed to directly respond to the myriad problems that cities and towns in India have come to face with over the past several decades. Over the 1981-2001 period, the urban population of the country has nearly doubled itself – increasing from 159 million persons in 1981 to 285 million in 2001, at average annual rates that are close to 2.8 percent. Approximately 6-7 million person are being added annually to the country’s total urban population. Moreover, this process of urbanization is characterized by a most dramatic increase in the numbers of large cities; the Census of India reported 35 cities with a population of over 1 million persons, which cumulatively accounted for 38 percent of the country’s total urban population. Urbanization in India has become an important and irreversible process, and an important determinant of national economic growth and poverty reduction. At current rates of growth, urban population in India will reach a staggering total of 575 million persons by 2030 A.D.

***Unbalanced Growth***

This transition to an urban society, however, has not been accompanied by a corresponding increase in the supply of basic urban services like water supply, sewerage and drainage network, garbage disposal facilities, citywide roads, and public safety systems like street lighting and pedestrian pathways. Nor has the supply of land and housing kept pace with the increase in urban population. The result of this unbalanced growth is a familiar one: large numbers of households without access to basic services, poor housing and proliferation of slums, widespread poverty, road congestion, and high pollution levels. Though 90% of urban population is covered by protected water supply, the per capita availability is low and unreliable. Nearly 51% of urban population do not have access to sewerage and sanitation services. About 30% of households are devoid of refuse collection facilities. Investments to meet the urban infrastructure and service needs and housing demand are grossly inadequate, and have lagged behind the required levels.

Until the end of 1980s, the approach to responding to such urban problems centred around programmes and projects that aimed at providing support for infrastructure development in small and medium-sized cities, environmental improvement of urban slums, and urban basic service for the urban poor. Almost the entire direction of such support was based on the perception that the nature of urban infrastructure and services – characterized as they were with externalities - was such that it needed public policy interventions; only the public sector had – as it was claimed - the wherewithal to bridge the gap between the demand for and supply of urban services, and reach them to those groups of communities which could not afford them. Such interventions – as times have shown, proved to be limited in reach and inadequate to the size of the problem. The project-based approach ignored the importance of sustainable delivery of services.

***Major Transformation***

In recent years, the urban sector in India has undergone a major change following the country’s transition towards a market-based economy and the spirit of decentralization embodied in the Constitution (seventy-fourth) Amendment Act, 1992. The decade of the 1990s has also witnessed important changes in the thinking about cities and their role in economic growth and poverty reduction. There is a wider appreciation of the facts that (i) the size and nature of the urban problems that cities and towns face needs partnership between the public and private sectors. It is a gigantic task, and any assumption that government alone can meet the infrastructure gap or provide housing to the vast numbers of the under-privileged groups is misplaced; (ii) the existing statutes need to be reviewed and changed as they do not permit expansion of the land and housing markets. It is evident that the Urban Land (Ceilings and Regulation) Act, 1976 and the rent control laws are major impediments to the development of land and property markets, and constitute a deterrent to economic growth; (iii) the pricing system of urban services require major overhauling, as services when sold at below the cost can not be sustained. The premise that subsidies are essential for the poor to access services has proved to be

wrong, with a greater part of the subsidies leaking out to the better-off households, and the poor having to rely on poor quality, high-cost services; and (iv) for the city governments to function effectively and efficiently and perform their role as “local self governments”, it is essential for them to be creditworthy on the one hand, and accountable and responsive to their people, on the other..

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has grown out of these facts and a serious examination and appraisal of experiences with the past efforts for improving service delivery and management. The objective of the Mission (JNNURM) is to encourage the city governments initiate measures that would bring about improvements in the existing service levels in a financially sustainable manner. The Mission believes that in order to make cities work as well to contribute substantially to India’s economic growth, it is essential to create incentives and support for urban reforms both at state and city levels; develop appropriate enabling and regulatory frameworks; enhance the creditworthiness of urban local bodies; and integrate the poor with service delivery systems.

### ***Freeing Housing Market***

The Mission calls upon states/cities to undertake fiscal, financial and institutional changes that are required to create efficient and equitable urban centres. The agenda that constitutes the JNNURM seeks to free the land and housing markets from the constraints of the age-old statutes, adjust infrastructure tariffs and prices to the cost of service provision in conjunction with adoption of local tax reform that would meet the cost of joint services, and introduce accountability and responsiveness in the functioning of municipal governments. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) seeks to make fuller use of the energy and initiative of the private sector in implementing its reform agenda. It rests on the belief that sustainable improvements can take place only when investments are accompanied by wide-ranging statutory, institutional, and pricing reforms. (PIB Features)

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