

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA**

STARRED QUESTION NO:383

ANSWERED ON:20.08.2010

URBAN SECTOR REFORMS

Abdulrahman Shri ;Mahto Shri Baidyanath Prasad

Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether a report by the National Council of Applied Economic Research, New Delhi has revealed that 40 per cent of Indian population, is likely to reside in the urban cities and towns by the end of 2050;

(b) if so, the highlights of the report;

(c) whether the urban sector reforms, with special emphasis to improve the essential services and infrastructure have been initiated; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI SAUGATA ROY)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.383 FOR 20.08.2010 REGARDING URBAN SECTOR REFORMS

(a): Yes, Madam. The Study jointly conducted by the National Council of Applied Economic Research and Future Capital Research has stated that 45 percent of India's population is likely to be urban by 2050.

(b): The report is a study of income and expenditure patterns of households in twenty towns ie, Mumbai, Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune, Surat, Kanpur, Jaipur, Lucknow, Nagpur, Bhopal, Coimbatore, Faridabad, Amritsar, Ludhiana, Chandigarh and Jalandhar. It highlights that these twenty cities will become increasingly important for financial services as surplus income rates here are nearly double of that for other cities. The report further says that preparing for changes in urban demand is key to providing the right mix of goods and services to cities. The report also indicates that India needs to recognize cities as engines of economic growth and urban development needs to be accorded due priority alongwith rural development since the two are interdependent.

(c): Yes, Madam.

(d): The Ministry of Urban Development is implementing Jawaharlal Nehru National Urban Renewal Mission (JNNURM) which provides for reforms linked financial assistance to States and Union Territories over the period of 2005-2012. The reforms under JNNURM include reforms related to governance, financial sustainability, land and property, responsiveness to citizens, transparency and inclusive development. A list of reforms under JNNURM is enclosed at Annexure. Implementation of urban reforms is also being supported through North Eastern Region Urban Development Programme, Scheme for Infrastructure Development in Satellite Towns around Seven Mega Cities, National Urban Sanitation Policy, National Urban Transport Policy and Service Level Benchmarking. Further the 13th Finance Commission has made provision for general performance grants for Urban Local Bodies subject to carrying out reforms, including setting up an audit system for all local bodies, appointing independent local body ombudsmen, electronic transfer of local body grants within five days of receipt from the Central Government, prescription of the qualifications for appointment as members of the State Finance Commission (SFC), enabling Urban Local Bodies (ULBs) to levy property tax, establishment of property tax board and disclosure of service level benchmarks proposed to be achieved by each ULB.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (d) OF LOK SABHA STARRED QUESTION NO. 383 FOR 20.08.2010

Reforms under JNNURM

1. MANDATORY REFORMS

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

1.1 Urban Local Body / Parastatal level Reforms

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

1.2 State Level Reforms

- i. Implementation of decentralization measures as envisaged in 74th Constitution Amendment Act. States should ensure meaningful association/engagement of ULBs in planning function of para-statals as well as delivery of services to the citizens.
- ii. Repeal of Urban Land Ceiling and Regulation Act.
- iii. Reform of Rent Control Laws balancing the interests of landlords and tenants.
- iv. Rationalisation of Stamp Duty to bring it down to no more than 5% within next seven years.
- v. Enactment of Public Disclosure Law to ensure preparation of medium-term fiscal plan of ULBs/Parastatals and release of quarterly performance information to all stakeholders.
- vi. Enactment of Community Participation Law to institutionalize citizen participation and introducing the concept of Area Sabha in urban areas.
- vii. Assigning or associating elected ULBs with "city planning function".

Over a period of seven years, transferring all special agencies that deliver civic services in urban areas to ULBs and creating accountability platforms for all urban civic service providers in transition.

Note: In respect of schemes relating to water supply and sanitation, the under mentioned State level mandatory reforms may be taken as optional reforms:-

- i. Repeal of Urban Land Ceiling Act
- ii. Reform of Rent Control Act

2. OPTIONAL REFORMS (Common to State and ULBs/Para-statals)

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

x. Encouraging Public Private Partnership

NOTE:

1. Any two optional reforms to be implemented together by State & ULBs/Parastatals in each year.
2. All the reforms (mandatory as well as optional) shall be implemented by State/ULB/Parastatal within the Mission period.