
UNIT 4 URBAN DEVELOPMENT EXPERIENCE IN INDIA

Structure

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4.1 INTRODUCTION

Cities around the world are playing an ever increasing role in creating wealth, enhancing social development, attracting investment and harnessing both human and technical resources for achieving unprecedented gains in productivity and competitiveness. At the same time, cities play a critical role in driving the transition to sustainable development and promise better access to improved social amenities (health, education, culture and recreation among others) and a range of civic services (water, power, sewerage, sanitation, roads and transportation etc) to upgrade the quality of life of inhabitants. As countries develop, cities and urban settlements account for a larger share of the national income and often generate a disproportionate share of gross domestic product (GDP) and provide huge opportunities for investment and employment.

However in reality, cities, particularly in developing countries, are often plagued with severe shortcomings. Displaying a differentiated pattern, they contain centres of affluence as well as concentrations of abject poverty and neglect. While they offer some of the best social services (including world class education and health facilities), cities are also host to a great many social ills – chronic poverty, poor sanitation, crime, environmental pollution and social unrest.

After studying this unit, you should be able to:

- Explain the trends and pattern of urbanization
- Describe the role played by various policies and programmes in urban development and management
- Analyze the impact and outcome of these policies and programmes

4.2 INDIA'S URBANISATION: BASIC FEATURES AND PATTERN

Although India is less urbanized compared to many Asian countries including China, Indonesia and South Korea, nevertheless with nearly a third of the population – in absolute numbers about 286 million urban inhabitants in 2001 – India had the second largest urban population in the world, next only to China.

Given current trends in population growth and migration, estimates of the United Nations indicate that India is witnessing an ‘urban explosion’ with India’s urban population likely to reach 575 million by 2030 (40.90 percent of total population).

The importance of India’s urban sector is indisputable. The urban sector’s contribution to India’s net domestic product is estimated at between 50 – 52 %, while at the same time, 64.7 % of employment in trade, commerce, and financial services; 65 % in manufacturing; and 68 % in the transport sector are concentrated in urban areas.

Basic feature of urbanization in India can be highlighted as:

- 1) Skewed and lopsided urbanization.
- 2) Urbanisation occurs without industrialization and strong economic base.
- 3) Urbanisation is mainly a product of demographic explosion and poverty induced rural - urban migration.
- 4) Rapid urbanization leads to massive growth of slum followed by misery, poverty, unemployment, exploitation, inequalities, degradation in the quality of urban life.
- 5) Poor quality of rural-urban migration leads to poor quality of urbanization.

The pattern of urbanization in India is characterized by continuous concentration of population and activities in large cities. Urbanisation process is not mainly “migration lead” but a product of demographic explosion due to natural increase. India’s urbanization is followed by some basic problems in the field of: 1) housing, 2) slums, 3) transport 4) water supply and sanitation, 5) water pollution and air pollution, 6) inadequate provision for social infrastructure (school, hospital, etc).

Indian urbanization is involuted not evolved. Poverty induced migration occurs due to rural push. Megacities such as Delhi, Mumbai, Kolkata, Chennai, Hyderabad and Bangalore grow in urban population not in urban prosperity. Hence it is urbanization without urban functional characteristics. These mega cities are subject to increasing slum and inadequate shelter, drinking water, electricity and sanitation. Urbanisation is degenerating social and economic inequalities which warrant social conflicts, crimes and anti-social activities. Lopsided and uncontrolled urbanization leads to environmental degradation and degradation in the quality of urban life, i.e pollution in sound, air, water, created by disposal of hazardous waste.

In this section you studied India’s urbanization basic features and pattern. Now, you should be able to answer some questions relating to this section given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) What are the basic features of Urbanisation?

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2) Explain the pattern of India's Urbanisation.

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3) What are the basic problems in India's rapidly growing cities?

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4.3 PHASES OF URBANIZATION IN INDIA

Urban planning and policy discussions in India have invariably and only dealt with issues like relationship between urbanisation and economic development, distribution of urban population in various size-classes of settlement, regional development, growth of large (especially metropolitan) cities, infrastructure and services, urban local bodies and institutional aspects (including finance and legal issues). A good number of reports, documents and papers have been published on these issues, a list of which (only the government-sponsored ones) is given in the Box below.

Basically the thrust of most of these reports have been that: i) large cities have grown faster than, and at the expense of, small and medium towns; ii) this is undesirable; iii) measures should be taken to arrest large city growth; by making greater investment in small and medium towns; and iv) effective industrial location policy, set to achieve at intra-regional balance in industrial location. This section focuses on an analysis of urban policy at the national level. It should be remembered however that urban development, housing, urban policy and urban planning in India are state subjects under the Constitution and therefore without a thoroughgoing analysis of urban development policies in different states, it is not possible to paint a comprehensive picture of urban policy in India. The Centre can, at the most, "issue directives, provide advisory services, set up model legislation and fund programmes which the states can follow at will". The urban policy existing in the states is largely an off shoot of that outlined in the national five years plans and other policies and programmes of the central government. It is in this context that an analysis of the national level urban policies and programmes become important to understand the general direction of urban policy in India.

4.3.1 The First Phase: 1951-56

The 1st Five Year Plan (1951-56) was mainly concerned with housing and rehabilitation of refugees. The Ministry of Works and Housing was set up to

ensure speedy spatial and occupational rehabilitation of refugees. A large number of rehabilitation colonies and sub-towns were set up in Delhi, Bombay, Ahmedabad, Uttar Pradesh, Haryana, Punjab and Calcutta. The city of Chandigarh was created in the same period as a symbol of 'modern' India. In the same plan period the National Buildings Organisation and the School of Planning and Architecture were set up in order to improve the quality and efficiency of built environment building, research and develop housing technologies and create a cadre of trained town planners. Furthermore, the central government also set up the Town and Country Planning Organisation to provide guidance and assistance to central and state governments on urban problems and also to prepare the Delhi Master Plan which was conceived as the model plan which was subsequently to provide a framework for master plans to be prepared for other cities. The other two issues that the First Five Year Plan was concerned about were industrial and employer housing and slums.

The Plan was categorical about the need for slum clearance. Terming slums a 'national problem' and a 'disgrace to the country' it stated that "it is better to pay for the cost of clearing than to...suffer their destructive effects upon human lives and property indefinitely". It is be noted however that the use of the term 'slum' in the First Plan refers exclusively to dilapidated and over-congested areas such as the Walled City in Delhi. The 2nd Plan (1956-61) identified "rise in land values, speculative buying of lands in the proximity of growing towns, high rentals and the development of slum areas" as features common to most large towns and cities. It also predicted an escalation in these problems given the trends in industrialization. The Plan thus introduced the theme of regional planning and emphasized the importance of preparing master plans. While recognizing growing housing deficits in urban areas it placed the problem of housing in the wider context of urban and regional planning and called for construction of housing for low income groups. Thus Town and Country Planning legislation was enacted and in many states institutions were set up for the preparation of master plans. In 1956, the *Slums Areas (Improvement and Clearance) Act* was passed. The Act defined slums as: "any area (where) buildings... (a) are in any respect unfit for human habitation, or (b) are by reason of dilapidation, over-crowding, faulty arrangement and design of such buildings, narrowness or faulty arrangement of streets, lack of ventilation, light or sanitation, or any combination of these factors, are detrimental, to safety, health or morals" For preventing the growth of slums, the Plan recommended strengthening local authorities and mobilizing "the support of enlightened public opinion" in enforcing the implementation of building codes and municipal by-laws.

It was in the 3rd Plan (1961-66) that urban policy and development planning began to acquire a cogent form. During this period, Master Plans for various cities were prepared and the need to strengthen urban local governments, especially their financial and administrative aspects, was recognized. In order to guide and enforce the planned development of cities through the implementation of master plans, para-statal development authorities, such as Delhi Development Authority (DDA), Mumbai Metropolitan Regional Development Authority (MMRDA), Madras Metropolitan Development Authority (MMDA), were set up. It is noteworthy that the master planning approach to tackling urban problems was an uncritical import from the then prevalent town planning and regulatory practices in Britain and the United States of America. The important features of these master plans were "a) designing of land use with a future perspective; b) a

city without slums, or in other words, a standard 'decent' housing for everyone; c) detailed modernized Central Business District; d) division of major land use into zones; e) an efficient highway and transportation system; and f) adequate community facilities with residential areas divided into neighbourhoods". The master plans give pre-eminence to the planned and orderly development of cities through a strict spatial segregation of functions such as housing, commerce, industries, etc. in mono-use zones.

The 3rd Plan also emphasized the need for balanced spatial and demographic development through locating new industries far away from cities, adopting the concept of the 'region' in the planning of large industries and strengthening rural-urban linkages. The Plan expressed concern about increase in land prices in cities and the growth of slums. The concept of urban community development was introduced to tackle problems of urban slums. Earlier the central government had introduced a scheme in 1959 to give loans to state governments for a period of ten years acquisition and development of land in order to make available building sites in sufficient numbers. Moreover, various measures such as freezing of land prices, acquisition and development of land and taxation of vacant land were suggested to control and regulate the urban lands. The Plan period also saw significant dispersal of urban planning and development activities from the centre to the states with massive amounts of investment poured into developing state capitals and new cities such as Gandhinagar in Gujarat and Bhubaneswar in Orissa. Thus we see that the first phase of urban policy was characterized by the lack of a comprehensive vision on urbanization or urban process in India. The Plans prepared during this period largely had an *ad hoc* and piecemeal approach towards urban issues and problems. Though from the second plan onwards, planned development of cities became a major theme, there was little attempt to reconcile the technocratic blueprint of master plans with the complex realities of a predominantly poor, newly independent, post colonial country.

4.3.2 The Second Phase: 1969-1984

Achieving balanced urban growth through dispersing populations in smaller urban centres was the overriding thrust of the 4th Plan (1969-74). This was to prevent the concentration of population in metropolitan cities such as Delhi, Bombay, Calcutta and Madras. The creation of small towns and ensuring the spatial location of economic activity in a planned manner consistent with the objectives of the Plan was underscored. The Plan articulated the need for urban land policy at the state level and provided specific guidelines for the formulation of the same. It recommended that the state level urban policies should aim at: (a) the optimum use of land; (b) making land available to weaker sections; (c) checking the concentration of land ownership, rising land values and speculation of land; and (d) allowing land to be used as a resource for financing the implementation of city development plans.

In 1970, the Housing and Urban Development Corporation (HUDCO) was set up to provide loans to urban development authorities and state housing boards for housing and other development projects such as infrastructure development, land acquisition and essential services. One of the main goals of the HUDCO was the promotion of housing for the persons belonging to low income groups and economically weaker sections. The central government launched the Environmental Improvement of Urban Slums (EIUS) scheme in 1972-73 to provide a minimum level of services, such as, water supply, sewerage, drainage,

pavements in 11 cities with a population of 8 lakhs and above. The scheme was later extended to nine more cities. In 1973, towards the end of the fourth plan, the World Bank started its urban sector operations in India with the launching of the Calcutta Urban Development Project. The 5th Plan (1974-79) was mainly concerned with introducing measures to control land prices in cities; providing a framework for the development of small and medium towns; augmenting basic services in cities and towns; addressing the problems of metropolitan cities with a regional perspective and assist development projects having national significance in metropolitan cities. The priorities expressed in the Plan were based partly on the National Urbanisation Policy Resolution of the Town and Country Planning Organisation. In order to evolve a framework for the development of small and medium towns, the central government constituted a Task Force on Planning and Development of Small and Medium Towns in 1975. The main objectives of the Task Force, were to examine laws relating to local administration and urban development, and to suggest suitable modifications of these laws, keeping in view the need to assist in the planned growth of small and medium towns, and to formulate guidelines and regulations in the matters such as zoning, setbacks, building control and such other relevant matters. The report of the Task Force was published in 1977 and recommendations included giving priority to the development of existing towns and cities within a population range of 50,000-3,00,000. The framework for the selection and consequent development of small and medium towns consisted of the following recommendations: (a) formulation of a national urban policy; (b) urban land policy to ensure proper use of land (c) development of small and medium towns, cities and metropolises with organic linkages to their immediate areas; (d) identification of growth points in the region that may be delineated; (e) evolution of location policies in the context of regional development; (f) provision of inviolable greenbelts around settlements of certain sizes; (g) working out of rational and feasible norms and standards of urban development; and (h) creation of appropriate statutory local government agencies at various levels. The Plan also emphasized the need for infrastructural development of cities with population over 300,000. To achieve this goal a scheme called Integrated Urban Development Programme (IUDP) was launched. Also, the Sites and Services Scheme for making serviced land available to the poor was launched in this Plan period.

One of the most important steps that were taken to check land prices and speculation in land during the fifth plan period was the promulgation of the Urban Land (Ceiling and Regulation) Act (ULCRA), 1976. The ULCRA aimed at preventing concentration of urban land in the hands of a few thereby checking speculation in and profiteering from land. It enabled the socialization of urban land to ensure equitable distribution amongst various social classes and orderly development of urban built environment. The Act provided for fixing ceiling on the possession and ownership of vacant land in urban areas and acquisition of excess land for creating housing stock for the poor.

The focus of the 6th Plan (1980-85) was largely on the development of small and medium towns and provision of basic services in urban slums. Though the Plan underlined the need to improve environmental conditions in slums through improvement in drainage, sewerage and sanitation the urban component of the 6th Plan is remembered primarily for the introduction of a centrally sponsored scheme called the Integrated Development of Small and Medium Towns (IDSMT) with the objective of promoting growth in towns with less than 100,000 population

through provision of infrastructure and basic services. The components eligible for central assistance under the IDSMT included land acquisition and services, construction of new markets, provision of industrial estates, provision of other services and processing facilities for the benefit of agricultural and rural development in the hinterland and low cost sanitation . The state components included slum improvement, small-scale employment generation, low-cost water supply schemes, drainage and sanitation, sewerage, preventive medical facilities, parks and playgrounds. To begin with the scheme included 231 towns in various states and union territories, selected on the basis of the ratio of urban population in the state to the total urban population in the country. Later on, a few additional towns were added to this list. There was also a lot of emphasis on containing the growth of metropolitan cities by dispersing industrial and economic activities in small and medium towns in general and satellite towns of large cities in particular. However, stagnation in agriculture and skewed investment policies coupled with favourable economies of agglomeration enjoyed by large cities thwarted all attempts at 'balanced regional development'.

4.3.3 The Third Phase: 1986 Onwards

In mid 80s the Indian economy started taking its first tentative steps towards liberalization. The urban policy reflected the trend in economic policy. The 7th Plan heralded a shift in urban policy by initiating a process of opening up avenues for private sector participation in urban development. The Plan called for radical (re)orientation of all policies related to housing and entrusted the main responsibility of housing construction to the private sector. The government's role was sought to be reduced to mobilization of resources for housing, provision for subsidized housing for the poor and acquisition and development of land. In order to boost the housing finance market, it recommended setting up of the National Housing Bank. It also proposed to set up a National Urban Infrastructure Development Finance Corporation to augment the capacity of urban local bodies to undertake infrastructure creation, particularly water supply and sewerage facilities.

In the 1988, the first ever National Housing Policy (NHP) was announced. The objectives of the NHP included removal of houselessness, improving the conditions of the inadequately housed and provision of minimum level of basic services to all. The Policy conceived the role of the government as a provider for the poorest and vulnerable sections and as a facilitator for other income groups and private sector by the removal of constraints and the increased supply of land and services. The IDSMT continued to be the most important scheme for the urban sector under the Seventh Plan as well. In the Plan period, the coverage of the scheme was extended to 102 additional towns. The Plan reiterated the need to integrate town level plans into the regional systems. Thus in 1985 itself the National Capital Region Planning Board was formed to reduce population pressure on Delhi by dispersing and diverting population and economic activity to other urban centres within the National Capital region thereby ensuring the balanced development of the region as a whole. Emphasis was also laid on community participation at the town/city level. Recognising the need to directly address the problem of urban poverty, the Plan also launched an urban poverty alleviation scheme called the Urban Basic Services (UBS) with a focus on improving the status of women and children in urban low-income families through community participation, integrated development and cost effectiveness. The UBS was later merged into the EIUS in 1990 and the name changed to Urban Basic Services for Poor (UBSP).

Another important scheme, namely, Nehru Rozgar Yojana (NRY) was launched in 1989 to generate employment opportunities for the urban poor. The NRY had three basic components of microenterprises, wage employment and shelter upgradation. In the same year, the National Commission on Urbanisation (NCU) submitted its report. The Commission was entrusted with the task of making a detailed investigation into the process, pattern, trends and issues of urban development and planning and suggesting appropriate framework and guidelines for urban policies and programmes in the coming years. The NCU emphasized close link between urbanisation and economic development. The NCU marked a significant departure from the policy pronouncements of earlier government policies and plans as it abandoned the concept of backward area because it was felt that instead of forcefully inducing investments in areas which are backward and have little infrastructure and in which the concessions are likely to be misused the identified existing and potential urban centres at intermediate levels could be developed to attract the migrants as they are located in closely related regions. Consequently, the Commission identified 329 cities called GEMs (Generator of Economic Momentum) which were further divided into NPCs (National Priority Centres) and SPC (State Priority Centres). Apart from GEMs, National and State Priority Centres, the Commission also identified 49 Spatial Priority Urban Regions (SPURs). The future growth in urbanisation was expected to take place along these nodes and corridors.

The Plan expressed the need to link urban growth with economic development and advanced the following policy directives:

- a) Consolidation and operationalisation of spatial and economic dimensions of planning by:
 - involving an integrated hierarchy of rural and urban settlements based upon primary economic functions; and
 - linking the urban development plans with respective district level planning processes including the programmes of various state level and central departments like agriculture, rural development, environment, telecommunications, industries and other such organizations.
- b) Convergence of all related programmes, i.e. IDSMT, housing and infrastructure development programmes of HUDCO, NRY and UBSP to create the desired impact in small and medium towns beyond the threshold level.
- c) Taking legal, organizational and financial measures for enhanced and equitable supply of urban land and promotion of housing, including review of master plan standards, amendments to Land Acquisition Act, Urban Land Ceiling and Regulation Act, Transfer of Property Act and Rent Control Laws.
- d) Promoting public-private partnerships in the urban development sector.
- e) Developing appropriate specialized institutional support at the central and state levels to deal with financing and development of urban infrastructure.

In the same Plan period, in 1995, another programme called Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUEP) was launched. The PMIUEP was a five year long scheme applicable to all class II cities with a population ranging between 50,000 to 1, 00, 00 subject to the condition that elections to local bodies had been held. In 1992, the Town and Country Planning Organisation prepared a draft National Urban Policy. The main objectives of the

draft NUP were to: a) evolve a spatial pattern of economic activities and population distribution based on regional development and planning considerations; b) secure a balanced distribution of population among the urban centres of various sizes, so as to maximize economic gain and minimize social costs of urbanization; c) control further growth of metropolitan cities by dispersal of economic activities in the new growth centres; d) prioritise development of those urban centres which have been identified as prime economic movers in national economic development, such as the National Priority Cities (NPCs), State Priority Cities (SPCs) and Spatial priority Urbanisation Regions (SPURs); and e) improve the efficiency of the urbanisation process by removing bottlenecks and breakdowns in the supply of urban services.

At the beginning of the 8th Plan period, in 1992, the 74th Constitutional Amendment Act was promulgated. It was a landmark Act which sought to decentralize decision making in cities and towns through creation of elected urban local bodies (ULBs) as institutions of democratic self governance and devolution of essential functions related to city planning and service provision to these bodies. The salient features of the 74th CAA are introduction of the Twelfth Schedule which lists the functions of the ULBs, establishment of ward committees in areas having a population of over three lakhs, periodic and timely elections of ULBs, and devolution of finances to ULBs as per the suggestions of the State Finance Commissions (SFSs). The Mega City Scheme a centrally sponsored scheme launched in five cities, namely, Mumbai, Kolkata, Chennai, Hyderabad and Bangalore during the 8th Plan had the express purpose of preparing municipalities to use institutional finance and eventually market instruments like municipal bonds for capital investment requirements. One of the highlights of the 8th Plan period was the publication of the India Infrastructure Report. India Infrastructure Report was widely considered a landmark document in the push towards privatization and/or commercialization of infrastructure creation and management, service provision and regulatory and governance systems.

The 9th Plan (1997-2002) was greatly influenced by the India Infrastructure Report. The Plan recognized the skewed nature of urban process in India with urbanization and economic growth mainly concentrated in certain parts of the country and certain parts of a state. It thus admitted that the IDSMT, that had been launched in the sixth plan to reduce regional disparities, had largely been a failure. The 9th Plan reiterated its commitment towards reducing regional disparities; however, the primary responsibility for achieving the same was now with the state governments who were urged to raise resources for their activities from outside the Plan, specifically from financial institutions and capital markets. The Plan sought to make ULBs and parastatal agencies accountable and financially viable by cutting down on budgetary allocations for urban infrastructural development. The Plan recognized that while larger municipalities may be in a position to raise funds from capital market and financial institutions directly, the smaller ULBs simply do not have the financial and technical capability to do so. It thus proposed to create an 'Urban Development Fund' based on the principle of 'pooled finance' to help smaller towns realize commercial borrowings.

In terms of focus, the Plan recommended streamlining of employment generation programmes and creating housing stock for economically weaker sections and lower income groups through rationalisation of existing centrally sponsored urban poverty alleviation programmes. The sectoral objectives of the Ninth Plan were: (a) development of urban areas as economically efficient, socially equitable and

environmentally sustainable entities; (b) accelerated development of housing, particularly for the low income groups and other disadvantaged groups; (c) development and up gradation of urban infrastructure services to meet the needs of a growing population; (d) alleviation of urban poverty and unemployment; (e) promoting accessibility and affordability of the poor to housing and basic services; (f) improvement of urban environment; (g) promoting private sector participation in the provision of public infrastructure and of the community and NGOs in urban planning and management of specific component of urban services; and (h) democratic decentralization and strengthening of municipal governance.

The Hashim Committee, set up to review and streamline these programmes suggested phasing out NRY, PMIUPEP and UBSP and introducing Swarna Jayanti Shahari Rozgar Yojana (SJSRA) to reorganize self-employment and wage employment parts of the earlier programmes. The shelter upgradation component of NRY and PMIUPEP was merged with the National Slum Development Programme (NSDP). The SJSRY had two sub-schemes, namely, (a) Urban Self Employment Programme and (b) Urban Wage Employment Programme. The SJSRY sought to provide gainful employment to the urban unemployed or underemployed poor by encouraging the setting up of self-employment ventures or provision of wage employment. The implementation of the scheme was to be done through the setting up of community organizations like Neighbourhood Groups, Neighbourhood Societies and Community Development Societies. The responsibility of identifying beneficiaries, viable projects suitable for the area, preparation of applications, monitoring of recovery and general support was entrusted to the Community Development Societies. The Urban Self Employment Programme included schemes on Self Employment through setting up Micro-enterprises and Skill Development, confined to BPL beneficiaries who have education up to the 9th standard, and Development of Women and Children in Urban Areas for poor women who decide to set up self-employment ventures on a group basis. The Urban Wage Employment Programme was conceived to provide employment to persons Below Poverty Line in urban local bodies with a population of less than 5 lakhs. The Plan also suggested that the responsibility of distribution of water in urban areas should be given over to local bodies or to the private sector. It encouraged private sector participation in construction and maintenance of water supply and sanitation schemes.

In 1998, the National Housing and Habitat Policy (NHHP) was announced which specifically emphasized that housing construction in both rural and urban areas should be left in the hands of the private sector and that the government should restrict itself to the role of a facilitator. The Policy promised “Shelter to All” by the year 2001 but this promise was to be realized through the invisible hand of the market which was supposed to ensure affordable housing to all if all impediments to its efficient functioning were removed. As a follow up to the recommendations of the NHHP 1998, the Two Million Housing Programme was launched in 1998-99. It was a loan based scheme promoting the construction of 20 lakh additional housing units every year (13 lakh for rural areas and 7 lakh for urban areas). Out of this HUDCO was to meet the target of 4 lakh dwelling units in urban areas and 6 lakh in rural areas annually. In 1999, the Draft National Slum Policy was announced which proposed the integration of slum dwellers in the mainstream of urban life through in-situ up gradation. The Draft Policy included all underserviced settlements in its definition of slums and proposed

their up gradation and improvement as opposed to eviction. It also spoke about granting tenure to slum dwellers inhabiting government land apart from providing them with basic civic amenities. The Draft National Slum Policy was never adopted, however in 2001, a Rs. 20 billion subsidy based scheme called the Valmiki Ambedkar Awas Yojana (VAMBAY) was started with the aim to provide/upgrade shelter to urban slum dwellers.

In the 9th Plan period two other major steps were taken to further the process of liberalization of land and real estate markets. The first step was the repeal of the Urban Land (Ceiling and Regulation) Act in 1999. The second major step was taken in 2002 when the government allowed 100 percent Foreign Direct Investment (FDI) in integrated townships, including housing, commercial premises, hotels and resorts. FDI was also permitted in infrastructure projects such as roads, bridges, mass rapid transit systems and for the manufacturing of building materials. The minimum area to be developed was fixed at 100 acres.

The 2001 Census had shown that contrary to the expectations and predictions of a wide array of actors, the rate of growth of urban population was steadily declining. This has been attributed to cities becoming inhospitable to poor migrants due to the promulgation of neo-liberal urban policies. However, the 10th Plan celebrates this fact and attributes it to the success of rural development programmes along with the limited availability of land for squatting in central urban areas. The Plan identifies urbanization as a key determinant of the economic growth in the 1980s and 1990s, boosted by economic liberalization. The 10th Plan (2002-07) was prepared in the backdrop of the Union Budget of 2002-03 which had announced radical measures to push cities into carrying out comprehensive urban reforms. The overriding thrust of the 10th Plan was to promote overhauling of the legislative, governance and administrative structure of cities through a set of market-friendly urban reforms and promotion of PPPs in urban infrastructure and services. A lot of emphasis was placed on making urban local bodies financially strong so that they have to rely less and less on state transfers. To enable ULBs to raise their own resources the Plan advocated reform in property tax, levying of user charges, increasing non-tax revenues, controlling establishment costs, better utilization of municipal assets and overhauling municipal accounting systems. These reforms, it was suggested, would enhance the credit-worthiness of ULBs and make them capable to mobilising funds from capital market and investors. The Plan also spoke about substantially increasing investment in up gradation of urban infrastructure and services but made it clear that central assistance in this regard would be made conditional upon states and ULBs carrying out sector reforms, in particular better standard of services and levying of user charges

4.3.4 Current On-Going Programmes

The process of urban reforms which tentatively began in the 8th Plan reached its high point when in December 2005, the Prime Minister launched the Jawaharlal Nehru National Urban renewal Mission (JNNURM). The JNNURM is basically a reform linked incentive scheme for providing assistance to state governments and urban local bodies (ULBs) in selected 63 cities, comprising all cities with over one million population, state capitals and a few other cities of religious and tourist importance for the purpose of reforming urban governance, facilitating urban infrastructure and providing basic services to the urban poor. The total

budget of the Mission is estimated to be Rs. 1,26,000 crores out of which the central government shall provide Rs. 50,000 crores. It is thus by far the single largest initiative of the central government in the urban sector.

The broad framework of the Mission is as follows:

- Preparation of City Development Plans (CDPs) by respective cities with a 20-25 years perspective.
- Sector-wise detailed project reports to be prepared by identified cities listing projects along with their financial plans.
- A Memorandum of Agreement (MoA) to be signed between the central government, state governments and ULBs containing the time bound commitment on the part of states/ ULBs to carry out reforms in order to access central funds under the Mission.
- Funding pattern in terms of percentages would be 35:15:50 (between Centre, States and Urban Local Bodies) for cities with over 4 million population, 50:20:30 for cities with populations between one and four million, and 80:10:10 for other cities.
- Assistance under the Mission to be given directly to nominated State Level Nodal Agencies, who in turn would give the same to state government/ ULB in the form of soft loan or grant-cum-loan or grant.
- The assistance thus provided would act as seed money to leverage additional funds from financial institutions/capital markets.
- Public Private Partnership (PPP) to be the preferred mode of implementing projects.

The Mission is comprised of two sub missions, namely, Sub-Mission for Urban Infrastructure and Governance and Sub-Mission on Basic Services to the Urban Poor. The admissible components under both these sub-missions together include urban renewal, water supply and sanitation, sewerage and solid waste management, urban transport, slum improvement and rehabilitation, housing for urban poor, civic amenities in slums. The priorities of the government become even clearer when we look at the set of reforms that the state governments and ULBs are supposed to carry out if they wish to avail central assistance under the JNNURM. These reforms have been divided into two parts - mandatory reforms and optional reforms.

Mandatory Reforms: State Level

The state governments seeking assistance under the JNNURM would be obliged to carry out the following mandatory reforms: a) effective implementation of decentralization initiatives as envisaged in the Constitution (seventy-fourth) Amendment Act, 1992; b) repeal of Urban Land (Ceiling and Regulation) Act, 1976; c) reform of rent control laws; d) rationalisation of stamp duty to bring it down to no more than 5 percent within seven years; e) enactment of a public disclosure law; f) enactment of a community participation law, so as to institutionalize citizens' participation in local decision making; and g) association of elected municipalities with the city planning function.

Mandatory Reforms: Municipal Level

The Municipality seeking assistance under JNNURM has to: a) adoption of a modern, accrual-based, double entry system of accounting; b) introduction of a system of e-governance using IT applications, GIS and MIS for various urban services; c) reform of property tax so as to raise collection efficiency to 85 per cent; d) levy of user charges to recover full cost of operation and maintenance within seven years; e) internal earmarking of budgets for basic services to the urban poor; and f) provision of basic services to the urban poor, including security of tenure at affordable prices.

Apart from these, there is a set of optional reforms common to both state governments and ULBs, any two of which they are supposed to implement each year. These include: a) revision of bye-laws to streamline the approval process for construction of buildings, development sites etc; b) simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes; c) introduction of property title certification; d) earmarking of at least 20-25 per cent developed land in housing projects for economically weaker sections and low income groups with a system of cross-subsidisation; e) introduction of computerized registration of land and property; f) administrative reforms including reduction in establishment cost by introducing retirement schemes and surrender of posts falling vacant due to retirement; g) structural reforms; and h) encouraging public private partnership.

The JNNURM was accompanied by another scheme called the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) which is more or less the same in content except for the minor difference that towns under the UIDSSMT do not have to prepare City Development Plans. 5098 cities and towns which have a population of less than one million and are thus not covered under the JNNURM come under the UIDSSMT. Earlier schemes such as IDSMT and Accelerated Urban Water Supply Programme (AUWSP) have been merged with the UIDSSMT. Similarly the Mega City Scheme and the VAMBAY have been partially subsumed under the JNNURM.

There seems to be a formidable consensus that the urban reform agenda, as enunciated in the JNNURM, the UIDSSMT and several other programmes and policies, is one of the key instruments for keeping the country on the path of high growth.

In this section you studied urban policies and their impact. Now, you should be able to answer some questions relating to this section given in *check your progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) In which five-year plan period, the emphasis was laid on the preparation of master plans? Please specify the major features of master plans?

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2) Specify the main thrust of National Housing and Habitat Policy, 1998?

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3) What is the broad framework of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

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4.4 CHALLENGES OF MANAGING URBANISATION

The challenge of urbanisation in India is to ensure service delivery at the enhanced minimum standards that are necessary when planning ahead.

The major challenges of Urbanisation are the following:

- Strengthening ULBs through better capacity building and financial management,
- Increasing the efficiency and productivity of cities with emphasis on reducing incidence of poverty and promoting sustainable development,
- Provision of essential urban infrastructure, amenities and services with public – private partnerships,
- Establishing regulatory/ institutional framework to oversee the functioning of public and private sector;
- Integration of economic and spatial planning with a view to achieving a rational spatial – economic development at city, state and national levels,
- Strict enforcement of anti – pollution laws and to reduce dangerous levels of air pollution particularly in metro cities,
- To establish a cost effective, energy efficient, socially desirable and transport system.

The challenge of managing urbanisation will have to be addressed through a combination of increased investment, strengthening the framework for governance and financing, and a comprehensive capacity building programme at all levels of government.

In this section you studied challenges of managing urbanization. Now, you should be able to answer some questions relating to this section given in *check your progress 3*.

Check Your Progress 3

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) What are the main challenges of Urbanisation?

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2) What needs to be done to facilitate sustainable urbanisation in India

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4.5 LET US SUM UP

India is urbanising. This transition, which will see India’s urban population reach a figure close to 600 million by 2031, is not simply a shift of demographics. It places cities and towns at the centre of India’s development trajectory. In the coming decades, the urban sector will play a critical role in the structural transformation of the Indian economy and in sustaining the high rates of economic growth. Ensuring high quality public services for all in the cities and towns of India is an end in itself, but it will also facilitate the full realisation of India’s economic potential.

India’s economic growth momentum cannot be sustained if urbanisation is not actively facilitated. Nor can poverty be addressed if the needs of the urban poor are isolated from the broader challenges of managing urbanisation. Cities will have to become the engines of national development. India cannot afford to get its urban strategy wrong, but it cannot get it right without bringing about a fundamental shift in the mindset which separates rural from the urban.

India’s municipal corporations, municipalities and nagar panchayats, commonly known as urban local bodies (ULBs) need to be strengthened as local self-government with clear functions, independent financial resources, and autonomy to take decisions on investment and service delivery. They must also be made accountable to citizens. Elements of this shift are already present in the local government framework as reflected in the 74th Constitutional Amendment, the

Jawaharlal Nehru National Urban Renewal Mission (JNNURM), and the emphasis placed on the urban sector by the Thirteenth Central Finance Commission.

To sum up, the steps needed to facilitate sustainable urbanisation in India are;

- Increasing investment in urban infrastructure
- Engaging in renewal and redevelopment of urban areas including slums
- Improving regional and metropolitan planning with integration of land use and transportation
- Ensuring access to services for all including the poor to meet the recommended norms
- Reforming systems of service delivery
- Improving governance of cities and towns
- Strengthening and securing the financial base of ULBs

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4.7 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

- 1) What are the basic features of Urbanisation?

Urbanisation is characterized by continuous concentration of population and activities in cities and towns. It is a process characterized by rural-urban migration, natural increase in population and increase in municipal area. Rapid urbanization leads to massive growth of slum followed by misery, poverty, unemployment, exploitation, inequalities, degradation in the quality of urban life. Poor quality of rural-urban migration leads to poor quality of Urbanisation.

- 2) Explain the pattern of India's Urbanisation.

The pattern of urbanization in India is skewed and is characterized by growth of cities and towns in regions of agricultural surplus, stagnant or backward region. The big cities attained inordinately large population size leading to virtual collapse in the urban services and quality of life. Migration and natural increases are the predominant factor of urban growth.

- 3) What are the basic problems in India's rapidly growing cities?

Problem of urbanization is manifestation of lopsided urbanisation, faulty urban planning, urbanisation with poor economic base. Due to rising demand for infrastructural provisions in the rapidly growing cities, and ineffective supply of services and facilities, the cities and towns environment is deteriorating in terms of : 1) poor housing, 2) increase slums, 3) inefficient transport 4) ineffective provision of water supply and sanitation, 5) increase in air and water pollution, and 6) inadequate provision for social infrastructure.

Check Your Progress 2

- 1) In which five-year plan period, the emphasis was laid on the preparation of master plans? Please specify the major features of master plans?

It was in the 3rd Plan (1961-66) that emphasized the preparation of Master Plans for various towns and cities. The important features of these master plans were "a) designing of land use with a future perspective; b) a city without slums, or in other words, a standard 'decent' housing for everyone; c) detailed modernized Central Business District; d) division of major land use into zones; e) an efficient highway and transportation system, and f) adequate community facilities with residential areas divided into neighbourhoods".

2) Specify the main thrust of National Housing and Habitat Policy, 1998?

In 1998, the National Housing and Habitat Policy (NHHP) was announced which specifically emphasized that housing construction in both rural and urban areas should be left in the hands of the private sector and that the government should restrict itself to the role of a facilitator. The Policy promised “Shelter to All”. As a follow up to the recommendations of the NHHP 1998, the Two Million Housing Programme was launched in 1998-99.

3) What is the broad framework of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

The JNNURM is basically a reform linked incentive scheme for providing assistance to state governments and urban local bodies (ULBs) in selected 63 cities, comprising all cities with over one million population, state capitals and a few other cities of religious and tourist importance for the purpose of reforming urban governance, facilitating urban infrastructure and providing basic services to the urban poor. The total budget of the Mission is estimated to be Rs. 1,26,000 crores out of which the central government shall provide Rs. 50,000 crores. It is thus by far the single largest initiative of the central government in the urban sector.

Check Your Progress 3

1) What are the main challenges of Urbanisation?

The major challenges of Urbanisation are the following:

- Strengthening ULBs through better capacity building and financial management,
- Increasing the efficiency and productivity of cities with emphasis on reducing incidence of poverty and promoting sustainable development,
- Provision of essential urban infrastructure, amenities and services with public – private partnerships,
- Establishing regulatory/ institutional framework to oversee the functioning of public and private sector;
- Integration of economic and spatial planning with a view to a view to achieving a rational spatial – economic development at city, state and national levels,
- Strict enforcement of anti – pollution laws and to reduce dangerous levels of air pollution particularly in metro cities,
- To establish a cost effective, energy efficient, socially desirable and transport system.

2) What needs to be done to facilitate sustainable urbanisation in India

Some of the steps that needs to be taken are the following:

- Increasing investment in urban infrastructure
- Engaging in renewal and redevelopment of urban areas including slums
- Improving regional and metropolitan planning with integration of land use and transportation
- Ensuring access to services for all including the poor
- Reforming systems of service delivery

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