

# **GUIDELINES FOR SCHEME OF URBAN INFRASTRUCTURE DEVELOPMENT IN SATELLITE TOWNS / COUNTER MAGNETS OF MILLION PLUS CITIES**

## **1. Background**

1.1 As per 2001 Census, the urban population of the country was 286.11 million, which constituted 27.8% of the total population. The 35 million plus cities contained more than one-third (37.85%) of the total urban population. During the last (1991-2001) decade, the number of million plus cities increased from 23 to 35 and this number is likely to increase to 50 by 2011. It has been estimated that there would be an increase of additional 78 million to the total urban population by 2011. Similarly, assuming that a projected increase of 39 million in the population occurs in about 50 million plus cities, (45%-50% of total urban population by 2011), the average increase in population per million plus city would be of the order of 1.2 million during 2001-2011. This magnitude is bound to lead to massive problems in managing already over strained mega / million plus cities.

1.2 Excessive concentration of population in these cities and unprecedented increase in the demand for infrastructure / facilities and amenities has led to problems of land shortage, housing shortfall, inadequate transportation etc. Management of essential infrastructure like water supply, sewerage, drainage, solid waste disposal has become more challenging. The concentration of economic activities and population in some of the mega cities like Mumbai, Kolkata, Delhi, Chennai, Hyderabad, Bangalore and Ahmedabad has put tremendous strain on the delivery of services. At the same time there has been growing realization that there is a need for decentralization of activities so as to reduce the burden on these cities.

1.3 Taking into account, the existing scenario and the urgency to augment urban infrastructure backed by strengthening of urban governance of the cities / towns, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched by Ministry of Urban Development in December, 2005 for implementation of urban infrastructure improvement programme in a time bound manner in 63 selected cities. The Mission aims at creating economically productive, efficient, equitable and responsive cities in an integrated framework with focus on economic and social infrastructure, basic services to urban poor, urban sector reforms and strengthening Municipal Governments and their functioning. While the JNNURM has been envisaged to cater to the infrastructure requirements of these 63 cities, there is an imperative need to plan for development of new township / satellite towns around million plus / large cities. The satellite towns/ counter magnets should be spatially separated from the mother city.

1.4 The development of satellite cities / townships has shown good results in countries like USA, France and UK during the sixties and seventies. The development of satellite cities around 35 million plus cities will help in achieving greater efficiency in the overall hierarchy of human settlements both at national and regional level.

## **2. Objectives**

2.1 The objectives of the scheme are as follows:

- i. To develop urban infrastructure facilities such as transport, drinking water, sewerage, drainage and solid waste management etc. at satellite towns / counter magnets around million plus urban

agglomeration (UAs) covered under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and to channelize their future growth so as to reduce pressure on million plus UAs.

- ii. To enhance the sustainability of urban infrastructure facilities by implementing reforms such as energy audit, water audit, introduction of cost effective technologies, capacity enhancement for improved Operation & Maintenance etc.
- iii. To adopt innovative public – private partnerships models for development of satellite towns.
- iv. Earmarking 10-15% of housing sites for the urban poor. The National Urban Housing & Habitat Policy, 2007 provides that 10 to 15 percent of land in every new public / private housing projects or 20 to 25 percent of FAR (Floor Area Ratio)/ FSI (Floor Space Index) whichever is greater will be reserved for Economically Weaker Sections (EWS) / Low Income Group (LIG) housing through appropriate legal stipulations and spatial incentives.
- v. To promote the following Urban Local Bodies (ULB) level reforms:
  - a. Adoption of a modern, accrual based, double entry system of accounting;
  - b. Introduction of a system of e-governance using IT applications, Geographical Information Systems (GIS) and

Management Information Systems (MIS) for various urban services and establishment of citizens facilitation centres.

- c. Reform of property tax with Geographical Information System (GIS) and arrangements for its effective implementation so as to raise collection efficiency to 85 per cent.
- d. Levy of reasonable user charges, with the objective that full cost of operation and maintenance is collected within seven years.
- e. Internal earmarking of budgets for basic services to the urban poor;
- f. Earmarking of housing sites for the urban poor;
- g. Formulating bye laws which shall incorporate provisions for disaster management, rainwater harvesting, reuse and recycle of waste water, barrier free environment and structural safety and shall also be in strict compliance with the National Building code;
- h. Implementation of Public Disclosure Law;
- i. Implementation of Community Participation Law

2.2 Selection of satellite towns shall be linked to implementation of reform agenda outlined above.

### **3. Scope and Coverage**

3.1 The satellite towns may be developed in the future development area of the million plus Urban Agglomerations (UAs) covered under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The towns may be planned for a population of 3-5 lakh in case of million plus cities and 5-10 lakh in case of Mega cities (4 million plus cities).

#### **4. Duration of the Scheme**

4.1 The scheme will be co-terminus with the 11<sup>th</sup> Five Year Plan.

#### **5. Admissible components**

5.1 Central assistance will be admissible for the following components (including preparation of DPRs) :

- a. Water supply and sanitation
- b. Sewerage and solid waste management
- c. Capacity building assistance for implementation of reforms identified under the scheme

5.2 Funding under the scheme would be subject to availability of infrastructure and actual needs.

#### **5.3 Inadmissible components**

Power, Telecom, Health, Education, Wage employment programmes and staff component. Cost of land, State and Urban body taxes should not be a part of the project cost while sanctioning Central Assistance.

#### **6. City Development Plan for Satellite Town**

6.1 A City Development Plan (CDP) shall be prepared for the satellite town by the ULB or some other agency designated for the purpose. The planning of the satellite town shall be on the concept of continuity, compactness and self –containment. Each part of the township while being self-sufficient in itself should form an integral part of the town as a whole having clear

functional linkages with the mother city and other urban centers in the respective region. The planning of satellite town may adopt different kind of development i.e. low-rise and low-density development/high rise medium density or high-rise and high-density development depending on the local and felt demand.

6.2 The planning of the town shall address environmental sustainability issues, green buildings and disaster mitigation aspects. In this regard, the town may evolve norms and space standards flexible enough to meet the socio-economic, physical and environmental needs. Incremental approach in providing for infrastructure / facilities and services needs to be followed so as to have rational and judicious use of scarce resources both in the form of land and fiscal resources.

6.3 The City Development Plan for Satellite Township with a perspective of 20 years, may be broken up into short –term Action Plans of five years each. Both these plans need to be adequately backed by investment plans / programmes to be implemented in a phased manner so that the cost of development may be matched with the availability of funds from various sources such as Central/State Governments, institutional financing agencies, public-private partnerships and internal revenues through taxes, user charges etc. The City Development Plan should also provide a framework for programming of infrastructure investment in the satellite town. The City Development Plan shall include the following:

- a. Site analysis and assessment of physical and natural resources.
- b. Broad spatial plan showing land use pattern, road and other infrastructure network.

- c. Activity nodes for location of industrial, commercial, trade and commerce and other employment generating activities serving as nucleus for development around which other activities may come up.
- d. Sectoral infrastructure plan including fast track and efficient linkages/ provision of transportation with the mother city and other urban centers of the region.
- e. Phasing and prioritization of the Plan both temporal and spatial.
- f. Investment Plan as per the phasing of development.
- g. Resource mobilization plan including identification of all the agencies involved in development, their investment proposals and priorities and plans for private sector participation.
- h. An institutional / legal framework for assigning responsibilities, coordination between government agencies, private sector, Non-Governmental Organizations (NGO's), Community Based Organizations (CBO's) and community development groups.

## **7. Preparation of City Region Plan**

7.1 The concerned ULB should prepare a City Region Plan, which should contain:

- a. Delineation of area based on physical and socio-economic linkages,
- b. Settlement structure,
- c. Land use and network,
- d. Environmentally sensitive zones.
- e. Heritage precincts,

- f. Addressing prominent concerns of major sectors of the economy, etc.

7.2 The City Region Plan shall address the overall urban development scenario in order that Satellite towns/Counter Magnets come up as self sustaining entities and promote sustainable development in long run so as to reduce the burden on the mother city in terms of location of economic activities, housing, transport, basic infrastructure and services.

### **8. Integration of Planning Process between the Mother City and Satellite Towns.**

8.1 The planning process of the Mother town and the Satellite townships shall be integrated through inclusion of suitable representation of the Satellite Township in the Metropolitan Planning Committee of the Mother Town.

### **9. Appraisal of City Development Plan**

9.1 The City Development Plan containing maps, drawings and detailed report shall be submitted to the State Government within 6 months of selection of the satellite town. The City Development Plan shall be submitted by the State Government to the Ministry of Urban Development and the same shall be appraised by TCPO (Town & Country Planning Organization). It is expected that cities shall clearly work out a strategy for meeting their investment needs. The investment plan shall be subjected to rigorous appraisal to enable the satellite towns to move towards sustainability. Government of India funding will be only a part of overall investment plan. Other aspects such as conservation of prime farm land and

compliance with Environment Impact Assessment Notification, 2006, Coastal Regulation Zone Notification, 1991, Forest (Conservation) Act, 1980 and Wild Life Act and other statutory clearances, reforms in the Master planning approach to ensure adequate space for housing and economic activities of the urban poor including street vending and other activities will also be ensured.

## **10. Detailed Project Report**

10.1 Based on the prioritization of development envisaged in the City Development Plan, Detailed Project Report may be prepared by the concerned Urban Local Body of the city and sent through State Government to the Ministry of Urban Development, Government of India for consideration. The project development cycle should comprise the following:

- a. Location of urban infrastructure/ basic services especially to urban poor and their prioritization. There should be a clear road map towards making the Satellite town slum free. The cities will make suitable provisions to ensure coverage of slum population in the town with respect to water supply and sanitation in the project area.
- b. Project Scope and coverage.
- c. Preparation of a detailed project report.
- d. Finalization of the modalities for implementation.
- e. Sanction of Central Assistance.
- f. Achievement of financial closure.
- g. Execution of a Memorandum of Agreement (MoA) Appendix III (page 23 of 54, the MoA is consistent with MoA under JNNURM).

## **11. Appraisal of Detailed Projects Reports**

11.1 The Detailed Project Reports sent by ULBs would be scrutinized by the State Government and appraised reports sent to the Technical Wings of the Ministry before placing such proposals for sanction by the Sanctioning Committee. DPRs submitted to Government of India without appraisal by State Government shall not be considered for sanction.

## **12. Sanction and monitoring of Projects under the Scheme**

12.1 There would be a Sanctioning and Monitoring Committee in the Ministry of Urban Development for sanctioning and monitoring of projects and reforms, which shall comprise of:

- |  |                    |
|--|--------------------|
| 1. Secretary (UD)  | - Chairman         |
| 2. JS (UD), MoUD   | - Member           |
| 3. JS (Mission), MoUD  | - Member           |
| 4. JS & FA, MoUD   | - Member           |
| 5. Adviser (HUD), Planning Commission                                  | - Member           |
| 6. Representative of Ministry of Finance,<br>Department of Expenditure | - Member           |
| 7. Representative of Ministry of E&F                                   | - Member           |
| 8. JS(M/o HUPA)  | - Member           |
| 9. Economic Adviser, MoUD  | - Member.          |
| 10. Chief Planner, TCPO  | - Member           |
| 11. Advisor, CPHEEO  | - Member           |
| 12. Director (UD)  | - Member Secretary |

12.2 Projects like water supply including sanitation, sewerage, solid waste management, drainage may be taken up on standalone basis but the focus should be on integrated development. Development with private sector participation will be given priority as this will help leverage private capital and bring in efficiencies.

### **13. Monitoring and Evaluation**

13.1 Ministry of Urban Development will periodically monitor the scheme through designated officers of this Ministry for each State/ Union Territory. Quarterly Progress Reports will be submitted on the projects and reforms by the ULB through the State Government to the Ministry.

Upon completion of the project; the ULB through the state government would submit completion report. TCPO under the Ministry of Urban Development will function as the Nodal Agency through a Technical Cell which will be set up for developing MIS and periodic review of the Scheme. A system of independent monitoring and reporting on the progress of implementation of reforms and projects will be instituted and necessary funding for this purpose shall be earmarked from funds available under the scheme. A monitoring team comprising representatives of CPHEEO and TCPO, Director (UD) and Director (Finance) will be constituted.

### **14. Financing Pattern**

14.1 The financing pattern for the development of satellite townships shall be as under:

Category of cities/towns	Grant		ULB Share
	Central	State	
1. Satellite Township around the seven mega-cities i.e. Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad and Ahmedabad.	80%	10%	10%

14.2 States/ ULBs shall be encouraged to explore innovative financing option such as PPP before forwarding proposals. Rigorous financial appraisal will be carried out by MoUD to assess the maximum amount of central assistance that will be admissible in each case. Thus, the Central assistance, as mentioned above shall be indicative of the maximum assistance available under the Scheme. External assistance if any can be used for meeting the contribution of the State/ULB.

14.3 If necessary, internal resources of implementing agencies, Member of Parliament / Local Area Development and Member of Legislative Assembly Local Area Development funds may be substituted for ULB share.

14.4 In order to prepare City Development Plan (CDP), Detailed Project Reports (DPRs), training & capacity building, community participation, information, education and communication (IEC), a provision of 5% of the Central grant or the actual requirement, whichever is less, may be kept for sanction to ULB concerned as an added incentive.

## **15. Release of Funds**

15.1 Funds would be released as Central Assistance (100% Central Grant in respect of central share) to the designated State Level Nodal Agency in four equal installments of 25% each subject to satisfactory receipt of utilization certificates.

**16. Outcomes of the Scheme of Urban Infrastructure Development in Satellite Towns / Counter Magnets of Million Plus Cities**

- a. Amelioration of population pressure on metropolitan towns.
- b. Improved financial management in urban local bodies.
- c. Improvement in basic infrastructure and service delivery related to water supply, sanitation and solid waste management.
- d. Improved urban planning
- e. Capacity Building of Urban Local Bodies
- f. Improved urban environment
- g. Improved services to urban poor
- h. Implementation of public–private partnership projects for mobilizing investments and efficiency gains.

**Annexure**

**Memorandum of Agreement (MoA)**

**SCHEME OF URBAN INFRASTRUCTURE DEVELOPMENT IN  
SATELLITE TOWNS / COUNTER MAGNETS OF MILLION PLUS CITIES**

**Draft Memorandum of Agreement (MoA)**

**Between**

**The Ministry of Urban Development**

and

**The Government of \_\_\_\_\_**

and

**The ULB of \_\_\_\_\_**

THIS AGREEMENT is made on this \_\_\_\_\_ day of  
\_\_\_\_\_ 200 \_\_\_\_\_ between the Government of India, through  
the Ministry of Urban Development (hereinafter referred to as Party I) and  
the Government of [mention the name of the State], through its Governor

(hereinafter referred to as Party II) AND the ULB of [mentioned the name of Municipal Corporation or the parastatal agency] through its authorized representative (hereinafter referred to as Party III). WHEREAS the Party III seeks financial assistance from the Party I under ***Scheme of Urban Infrastructure Development in Satellite Towns/Counter Magnets of Million Plus Cities.***

WHEREAS Party III, in pursuance of the requirements for assistance has developed a City Development Plan (CDP) for the Satellite Town, fully detailed in Annexure-I. AND WHEREAS the Party III has formulated a detailed project report in respect of \_\_\_\_\_, with details on its feasibility, fully detailed in Annexure-II; AND WHEREAS Party II and Party III have undertaken to implement the reform agenda, as per the timeline indicated therein, fully detailed in Annexure-III and IV, AND WHEREAS Party I has considered the documents mentioned in Annexure I, II, III and IV and found them consistent with the goals and objectives of the said Scheme; AND WHEREAS the Party I agrees to release a grant of Rs. \_\_\_\_\_ over a period of \_\_\_\_\_ years, in accordance with the terms and conditions specified in this agreement.

NOW THE PARTIES WITNESSED as follows :

1. That the Party I shall release the first installment of Rs. \_\_\_\_\_ upon signing of the Memorandum of Agreement (MoA) and submission of the above mentioned documents i.e. Annexure I, II, III and IV.
  
2. That the Party I may release the second installment of Rs. \_\_\_\_\_ upon submission of a satisfactory Progress Report indicating :
  - a. \_\_\_\_\_
  
  - b. \_\_\_\_\_
  
  - c. \_\_\_\_\_

3. That the Party I may release the third installment of Rs. \_\_\_\_\_ upon submission of a satisfactory Progress Report indicating :

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

4. That the Party I may release the final installment of Rs. \_\_\_\_\_ upon submission of a satisfactory Progress Report indicating :

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

5. That the Party I or an Institution nominated by it, may undertake a site visit to ascertain the progress of the ongoing projects and also the reforms agenda through designated representatives periodically;

6. That apart from the Progress Report, the Party III shall submit a Quarterly Report of the spending of the grant to Party I. In case Party III fails to submit such a report further installment of grant may be withheld until such submission.

7. Similarly, Party II shall submit a Half-yearly Report of the progress in respect of the implementation of the reform agenda as detailed out in Annexure III.

8. That Party II and Party III shall submit a complete report regarding the outcome of the Scheme on the completion of the projects;

9. That the Parties to the agreement further covenant that in case of a dispute between the parties the matter will be resolved to arbitration within the provisions of the Arbitration and Conciliation Act, 1996 and the rules framed there under and amended from time to time. The matter in dispute shall be referred to \_\_\_\_\_ (Insert the name of the arbitrator) as arbitrator, however, in case such person refuses to act as arbitrator, or is rendered, unable because of sickness or otherwise, or dies \_\_\_\_\_ (name of

the second person for arbitrator) shall act as arbitrator between the parties and the dispute shall be referred to such person and still in case this second person is not available for any reason to act as arbitrator between the parties, both parties shall name one person of their choice as arbitrator and decision of such arbitration shall be final and binding on the parties.

10. That in case there is any delay in the implementation of the reforms agenda or submission of any periodic reports etc., at the State level by the Party II or Urban Local Body or Parastatal level by the Party III, due to the circumstances beyond the control of Party II or Party III i.e. Force Majeure or any other reason, the decision on the matter of extension of time for the implementation of the goals and objectives of the Scheme shall be at the discretion of Party I.
11. That in case of any breach regarding the terms and conditions of the Scheme, the Party I shall be entitled to withhold subsequent instalments of the grant on giving 30 days notice to the Party II or Party III. However, in this regard decision taken by the Party I shall be final and binding on the Party II and Party III though, before making such orders, opportunity of hearing shall be given to the Party II or Party III.

IN WITNESS HEREOF all the parties have put their hands on these presents of Memorandum of Agreement in the presence of witnesses.

#### SIGNATORIES

For

1. Ministry of Urban Development (Govt. of India)
  
2. Govt. of (Name of State)
  
3. Urban Local Body (Name)

WITNESSES :

1.

2.