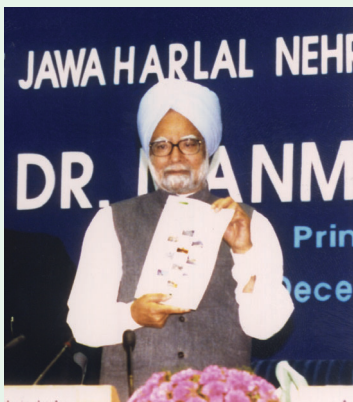


# JnURM



## Jawaharlal Nehru National Urban Renewal Mission

*Towards better cities...*



Guidelines for Basic Services to  
the Urban Poor (BSUP)

Guidelines for Integrated Housing  
& Slum Development Programme  
(IHSDP)



**Ministry of Housing and Urban Poverty Alleviation  
Government of India**



# **Guidelines for Basic Services to the Urban Poor (BSUP)**

***December, 2005***

**BSUP**

## **1. Need for Sub-Mission on Basic Services to the Urban Poor (BSUP) under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM)**

As per 2001 population census, 285.35 million people reside in urban areas. It constitutes 27.8% of the total population of the country. In post-independence era while population of India has grown three times, the urban population has grown five times. The rising urban population has also given rise to increase in the number of urban poor. As per 2001 estimates, the slum population is estimated to be 61.8 million. The ever increasing number of slum dwellers causes tremendous pressure on urban basic services and infrastructure. In order to cope with massive problems that have emerged as a result of rapid urban growth, it has become imperative to draw up a coherent urbanization policy/strategy to implement projects in select cities on mission mode.

## **2. Mission Statement**

Reforms driven, fast track, planned development of identified cities with focus on efficiency in urban infrastructure/services delivery mechanism, community participation and accountability of Urban Local Bodies (ULBs) towards citizens.

## **3. Mission Strategy**

- 3.1. Planned urban perspective frameworks for a period of 20-25 years (with 5 yearly updates) indicating policies, programmes and strategies of meeting fund requirements would be prepared by every identified city. This perspective plan would be followed by preparation of Development Plans integrating land use with services, urban transport and environment management for every five year plan period. **In this context, a City Development Plan (CDP) would be required before the city can access Mission funds.**
- 3.2. Cities will be required to prepare Detailed Project Reports for undertaking projects under identified areas.
- 3.3. Private Sector Participation in development, management and financing of Urban Infrastructure would be clearly delineated.
- 3.4. Funds for identified cities would be released to the designated State Nodal Agency, which in turn would leverage additional resources from the State Govt., their own funds, funds of implementing agencies and funds from the financial institutions/private sector/capital market and External Aid. A revolving fund would be created to take care of operation and maintenance of various assets created under the Mission.

#### **4. Mission Objectives**

- 4.1. Focused attention to integrated development of Basic Services to the Urban Poor in the cities covered under the Mission.
- 4.2. Provision of Basic Services to Urban Poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery through convergence of other already existing universal services of the Government for education, health and social security. Care will be taken to see that the urban poor are provided housing near their place of occupation.
- 4.3. Secure effective linkages between asset creation and asset management so that the Basic Services to the Urban Poor created in the cities, are not only maintained efficiently but also become self-sustaining over time.
- 4.4. Ensure adequate investment of funds to fulfill deficiencies in the Basic Services to the Urban Poor.
- 4.5. Scale up delivery of civic amenities and provision of utilities with emphasis on universal access to urban poor.

#### **5. Duration of the Mission**

The duration of the Mission would be **seven** years beginning from the year 2005-2006. During this period, the Mission will seek to ensure sustainable development of select cities. An evaluation of the experience of implementation of the Mission would be undertaken before the commencement of Eleventh Five Year Plan and if, necessary, the programme calibrated suitably.

#### **6. Scope of Mission Programme**

The main thrust of the sub-Mission on Basic Services to the Urban Poor will be on integrated development of slums through projects for providing shelter, basic services and other related civic amenities with a view to provide utilities to the urban poor.

#### **7. Mission Components**

The sub-Mission on Basic Services to the Urban Poor will cover the following:-

**(a) Admissible components:-**

- i. Integrated development of slums, i.e., housing and development of infrastructure projects in the slums in the identified cities.
- ii. Projects involving development/improvement/maintenance of basic services to the urban poor.
- iii. Slum improvement and rehabilitation projects.
- iv. Projects on water supply/sewerage/drainage, community toilets/baths, etc.
- v. Houses at affordable costs for slum dwellers/ urban poor/EWS/LIG categories.

- vi. Construction and improvements of drains/storm water drains.
- vii. Environmental improvement of slums and solid waste management.
- viii. Street lighting.
- ix. Civic amenities, like, community halls, child care centers, etc.
- x. Operation and maintenance of assets created under this component.
- xi. Convergence of health, education and social security schemes for the urban poor

**NOTE: Land cost will not be financed except for acquisition of private land for schemes/projects in the North Eastern States & hilly States, viz., Himachal Pradesh, Uttaranchal and Jammu & Kashmir.**

**(b) Inadmissible Components**

Projects pertaining to the following will not be considered :

- i) Power
- ii) Telecom
- iii) Wage employment programme & staff component
- iv) Creation of fresh employment opportunities

**NOTE: DPRs will have to be prepared by the implementing agencies for funding under the Mission including specific project components, viz, health, education and social security. However, 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 Housing and Urban Poverty Alleviation in so far as urban poor are concerned.**

**8. Sub-Mission Coverage**

8.1. Keeping in view the paucity of resources and administrative constraints in taking up all cities and towns under this Sub-Mission, only selected cities will be taken up, as per norms/criteria mentioned below:

	<b>Category</b>	<b>Number</b>
A	Cities with 4 million plus population as per 2001 census population	07
B	Cities with 1 million plus but less than 4 million population	28
C	Selected Cities (of religious/historic and tourist importance)	28

8.2. List of these cities is at **Annexure-A**.

8.3. National Steering Group may consider addition or deletion of cities/towns under Category-C (other than state capitals). Total number of cities under the Mission shall, however, remain about the same i.e. 63.

## 9. Agenda of Reforms

9.1. The main thrust of the revised strategy of urban renewal is to ensure improvement in urban governance so that Urban Local Bodies (ULBs) and para-statal agencies become financially sound with enhanced credit rating and ability to access market capital for undertaking new programmes and expansion of services. In this improved environment, public-private participation models for provisioning of various services would also become feasible. To achieve this objective, State Governments, Urban Local Bodies and para-statal agencies will be required to accept implementation of an agenda of reforms. The proposed reforms shall broadly fall into two categories:-

- i) Mandatory reforms
- ii) Optional reforms

9.2. List of Mandatory and Optional reforms is at **Annexure-B**.

9.3. National Steering Group may add additional reforms to the identified reforms.

## 10. Memorandum of Agreement (MOA)

The State Governments and the ULBs/Parastatals *will be required to execute a Memorandum of Agreement (MoA) with Government of India indicating their commitment to implement the identified reforms. MOA would also spell out specific milestones to be achieved for each item of reform. Signing of this tripartite MOA will be a necessary condition to access Central assistance. This tripartite MoA would be submitted along with Detailed Project Reports (DPRs). The Central assistance will be predicated upon the State Governments and the ULBs/Parastatals agreeing to the reforms platform.*

## 11. National Steering Group under JNNURM

11.1. To steer the Mission objectives, a National Steering Group will be constituted. The composition of the National Steering Group will be as follows:

### National Steering Group

Minister for Urban Development	—	Chairman
Ministry of Housing and Urban Poverty Alleviation	—	Co-Chairperson
Secretary (HUPA)	—	Member
Secretary, Planning Commission	—	Member
Secretary (Expenditure)	—	Member
National Technical Adviser	—	Member
Secretary (Urban Development)	—	Member-Convener

11.2. National Steering Group may consider addition or deletion of cities/towns under Category C (other than State capitals). The total number of cities under the Mission shall, however, remain around the same.

11.3. Under Sub-Mission on BSUP, a high level Committee will be set up under the chairmanship of Minister (HUPA).

### **Mission Directorate**

There shall be a Mission Directorate under the charge of Joint Secretary under Ministry of Housing and Urban Poverty Alleviation for ensuring effective co-ordination with State Governments and other agencies for expeditious processing of the project proposals. The Joint Secretary in-charge of the Mission Directorate would be designated as Mission Director. The National Technical Adviser would also be kept associated with the Mission Directorate.

### **Appraisal of Projects**

Detailed Project Reports would be scrutinized by the Technical Wing(s) of the Ministry or specialized/technical agencies to be outsourced for the purpose before placing such proposals for sanction by Central Sanctioning and Monitoring Committee.

Depending upon the cost of the projects under the Sub-Mission on BSUP, Ministry of Housing and Urban Poverty Alleviation will ensure approval of competent authorities as envisaged in Ministry of Finance (Department of Expenditure) O.M.No. 1(26)-E.II(A)/2002 dated 21.12.2002 as amended from time to time.

### **Sanction of projects under the Mission**

There would be a Central Sanctioning & Monitoring Committee in the Ministry of Housing and Urban Poverty Alleviation for sanctioning the projects submitted by identified States, which would comprise-

Secretary (HUPA)	–	Chairman
Secretary (UD)	–	Member
Principal Adviser (HUD), Planning Commission	–	Member
Joint Secretary & FA	–	Member
Chief Planner, TCPO	–	Member
Adviser, CPHEEO	–	Member
CMD, HUDCO	–	Member
Joint Secretary (HUPA)	–	Member-Secretary

The Committee would assign priority in sanctioning projects of housing and development of infrastructure, basic services and other related civic amenities.



Projects with private sector participation will be given priority over projects to be executed by ULBs/Parastatals themselves, as this will help leverage private capital and bring in efficiency.

### **Advisory Group**

In addition, at the National level, an Advisory Group would be constituted for the Mission/sub-Mission. The Group would be headed by a Technical Adviser drawn from civil society with proven experience in mobilizing collective action for reforms in urban governance. The group would enable the Mission to create similar voluntary Technical Corps in each city identified for the Mission/sub-Mission.. It would encourage private sector participation, citizen's involvement in urban governance at grass root level and transparency in municipal governance.

### **State Level Steering Committee**

In order to decide projects and their priorities for inclusion in the National Urban Renewal Mission Programme, there would be a State Level Steering Committee with following composition :

- |       |  |   |                  |
|-------|--|---|------------------|
| i.    | Chief Minister of the State/<br>Minister for Urban Development/<br>Minister for Housing of the State | – | Chairman         |
| ii.   | Minister, Urban Development/<br>Minister Housing of the State  | – | Vice-Chairman    |
| iii.  | Concerned Mayors/Chairpersons of ULBs  | – | Member           |
| iv.   | Concerned MPs/MLAs   | – | Member           |
| v.    | Secretary, Finance of the State Govt.  | – | Member           |
| vi.   | Secretary (PHE) of the State Govt.   | – | Member           |
| vi.   | Secretary (Municipal Administration/Affairs)   | – | Member           |
| vii.  | Secretary (Housing) of the State Govt.   | – | Member           |
| viii. | Secretary (UD)/LSG/Municipal Affairs   | – | Member-Secretary |

### **Nodal Agency**

The scheme would be implemented through a State Level Nodal Agency designated by the State Government. The nodal agency would, inter-alia, perform following functions:-

- a. Appraisal of projects submitted by ULBs/Para-statal agencies;
- b. Obtaining sanction of State Level Steering Committee for seeking assistance from Central Government under JNNURM;
- c. Management of grants received from Central and State Government;
- d. Release of funds to ULBs/Para-statal agencies either as grant, or soft loan or grant cum loan.



- e. Management of Revolving Fund.
- f. Monitoring physical and financial progress of sanctioned projects;
- g. Monitor implementation of reforms as committed in the MoA.

## REVOLVING FUND

Under Sub-Mission on Basic Services to the Urban Poor (BSUP), wherever State Level nodal agency releases Central & State funds to the implementing agencies as soft loan or grant-cum-loan, it would ensure that at least 10% of the funds released are recovered and ploughed into the Revolving Fund. This fund will be utilized to meet operation & maintenance expenses of the assets created under the Sub-Mission. At the end of the Mission period, the Revolving Fund may be graduated to State Basic Services to the Urban Poor Fund.

### Financing Pattern

Financing of projects under the Mission would be as under:-

Category of cities	Grant Central Share	State/ULB/Parastatal share, including Beneficiary contribution
Cities with 4 million plus population as per 2001 census	50%	50%
Cities with million plus but less than 4 million population as per 2001 census	50%	50%
Cities/towns in North Eastern States	90%	10%
Other Cities	80%	20%

**Note: The percentage is on the total project cost.**

Central assistance, as aforesaid, would be the maximum assistance available under JNNURM. The Central assistance provided under the Mission can be used to leverage market capital, if and where required.

### Mobilization of State share

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 institutional finance or for State/ULB/ Parastatal share. However, MPLAD/MLALAD fund would not substitute beneficiary contribution.

In case any Mission project is also approved as Externally Aided project (EAP), the EAP funds can be passed through as ACA to the State Government as funds contributed by State / ULBs / FIs and Mission funds can be used as Government of India contribution.

### **Beneficiary Contribution**

Housing should not be provided free to the beneficiaries by the State Government. A minimum of 12% beneficiary contribution should be stipulated, which in the case of SC/ST/BC/OBC/PH and other weaker sections shall be 10%.

In order to enable cities to prepare City Development Plan, Detailed Project Reports (DPRs), training & capacity building, community participation, information, education and communication (IEC), a provision of 5% of the grant (Central & State) or the actual requirement, whichever is less, would be set apart for cities covered under the Mission.

In addition, not more than 5% of the grant (Central and State) or the actual requirement, whichever is less, may be used for Administrative and Other Expenses (A&OE) by the States.

### **Release of Funds**

The funds would be released as far as possible in four instalments by Ministry of Housing and Urban Poverty Alleviation as Additional Central Assistance (100% Grant in respect of Central share) to the State Government or its designated State level agencies. The first instalment of 25% will be released on signing of the Memorandum of Agreement by the State Government/ULB/Parastatal for implementation of JNNURM projects. The balance amount of assistance shall be released as far as possible in three instalments upon receipt of utilization certificates to the extent of 70% of the Central fund and also that of State/ULB/Parastatal share, and subject to achievement of milestones agreed for implementation of mandatory and optional reforms at the State and ULB level as envisaged in the Memorandum of Agreement.

### **Outcomes of Jawahar Lal Nehru National Urban Renewal Mission**

On completion of the Mission period of seven years, it is expected that ULBs will achieve the following outcomes:-

- Modern and transparent budgeting, accounting, financial management systems, designed and adopted for all urban services and governance functions;
- City-wide framework for planning and governance will be established and become operational;
- All urban poor people will be able to obtain access to a basic level of urban services;
- Financially self-sustaining agencies for urban governance and service delivery will be established, through reforms to major revenue instruments;

- Local services and governance will be conducted in a manner that is transparent and accountable to citizens;
- e-Governance applications will be introduced in core functions of ULBs resulting in reduced cost and time of service delivery processes.

### **Monitoring progress of projects sanctioned under the Mission**

With a view to fine-tuning and calibrating activities, evaluation of experience under the Mission will be carried out before continuation in the 11<sup>th</sup> Plan. A provision of 5% of the grant will be earmarked under the Ministry's Budget for undertaking evaluation of the mission.

- Ministry of Housing and Urban Poverty Alleviation will periodically monitor the scheme.
- State level nodal agency would send quarterly progress report to the Ministry of Housing and Urban Poverty Alleviation.
- Upon completion of the project, nodal agency through the State Government, would submit completion report in this regard.
- Central Sanctioning & Monitoring Committee may meet as often as required to sanction and review/monitor the progress of projects sanctioned under the Mission.
- Monitoring of progress of implementation of reforms may be outsourced to specialized/technical agencies.

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**List of Identified Cities/Urban Agglomerations (UAs)  
under Sub-Mission on Basic Services to the Urban Poor (BSUP)**

Sl. No.	City	Name of the State	Population (in lakh)
<b>a) Mega Cities/UAs</b>			
1.	Delhi	Delhi	128.77
2.	Greater Mumbai	Maharashtra	164.34
3.	Ahmedabad	Gujarat	45.25
4.	Bangalore	Karnataka	57.01
5.	Chennai	Tamil Nadu	65.60
6.	Kolkata	West Bengal	132.06
7.	Hyderabad	Andhra Pradesh	57.42
<b>b) Million-plus Cities/UAs</b>			
1.	Patna	Bihar	16.98
2.	Faridabad	Haryana	10.56
3.	Bhopal	Madhya Pradesh	14.58
4.	Ludhiana	Punjab	13.98
5.	Jaipur	Rajasthan	23.27
6.	Lucknow	Uttar Pradesh	22.46
7.	Madurai	Tamil Nadu	12.03
8.	Nashik	Maharashtra	11.52
9.	Pune	Maharashtra	37.60
10.	Cochin	Kerala	13.55
11.	Varanasi	Uttar Pradesh	12.04
12.	Agra	Uttar Pradesh	13.31
13.	Amritsar	Punjab	10.03
14.	Visakhapatnam	Andhra Pradesh	13.45
15.	Vadodara	Gujarat	14.91
16.	Surat	Gujarat	28.11
17.	Kanpur	Uttar Pradesh	27.15
18.	Nagpur	Maharashtra	21.29
19.	Coimbatore	Tamil Nadu	14.61
20.	Meerut	Uttar Pradesh	11.61
21.	Jabalpur	Madhya Pradesh	10.98
22.	Jamshedpur	Jharkhand	11.04
23.	Asansol	West Bengal	10.67
24.	Allahabad	Uttar Pradesh	10.42

25.	Vijayawada	Andhra Pradesh	10.39
26.	Rajkot	Gujarat	10.03
27.	Dhanbad	Jharkhand	10.65
28.	Indore	Madhya Pradesh	16.40
<b>c) Identified cities/UAs with less than one million population</b>			
1.	Guwahati	Assam	8.19
2.	Itanagar	Arunachal Pradesh	0.35
3.	Jammu	Jammu & Kashmir	6.12
4.	Raipur	Chhattisgarh	7.00
5.	Panaji	Goa	0.99
6.	Shimla	Himachal Pradesh	1.45
7.	Ranchi	Jharkhand	8.63
8.	Thiruvananthapuram	Kerala	8.90
9.	Imphal	Manipur	2.50
10.	Shillong	Meghalaya	2.68
11.	Aizawal	Mizoram	2.28
12.	Kohima	Nagaland	0.77
13.	Bhubaneswar	Orissa	6.58
14.	Gangtok	Sikkim	0.29
15.	Agartala	Tripura	1.90
16.	Dehradun	Uttaranchal	5.30
17.	Bodh Gaya	Bihar	3.94
18.	Ujjain	Madhya Pradesh	4.31
19.	Puri	Orissa	1.57
20.	Ajmer-Pushkar	Rajasthan	5.04
21.	Nainital	Uttaranchal	2.20
22.	Mysore	Karnataka	7.99
23.	Pondicherry	Pondicherry	5.05
24.	Chandigarh	Punjab & Haryana	8.08
25.	Srinagar	Jammu & Kashmir	9.88
26.	Haridwar	Uttaranchal	2.21
27.	Mathura	Uttar Pradesh	3.23
28.	Nanded	Maharashtra	4.31

All State Capitals and Capitals of two Union Territories with Legislatures are proposed to be covered.

The National Steering Group may add or delete cities/towns under category-C other than State capitals. However, the total number of category-C cities under JNNURM will be kept at a reasonable level.

## URBAN REFORMS

Urban reforms may include:

### **Mandatory Reforms :**

#### **Urban Local Body Reforms (at ULB Level)**

- i) Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies.
- ii) Introduction of system of e-governance using IT applications like GIS and MIS for various services provided by ULBs.
- 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 **the Mission period**.
- iv) Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance is collected within **the Mission period**. However, cities/towns in North East and other special category States may recover at least 50% of operation and 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 ensuring delivery of other already existing universal services of the government for education, health and social security.

#### **State Level Reforms**

- i) Implementation of decentralization measures as envisaged in Seventy Fourth Constitutional Amendment. States should ensure meaningful association/engagement of ULBs in planning function of Parastatals as well as delivery of services to the citizens.
- ii) Rationalisation of Stamp Duty to bring it down to no more than 5% within **the Mission period**.
- iii) Enactment of community participation law to institutionalize citizen participation and introducing the concept of the Area Sabha in urban areas.
- iv) Assigning or associating elected ULBs into “city planning function” over a period of five years; transferring all special agencies that deliver civic services in urban areas and creating accountability platforms for all urban civic service providers in transition.

## **OPTIONAL REFORMS**

- i) Repeal of Urban Land Ceiling and Regulation Act.
- ii) Amendment of Rent Control Laws balancing the interest of landlords and tenants.
- iii) Enactment of Public Disclosure Law to ensure preparation of medium-term fiscal plan of ULBs and release of quarterly performance information to all stakeholders.
- iv) Revision of bye-laws to streamline the approval process for construction of buildings, development of sites, etc.
- v) Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.
- vi) Introduction of Property Title Certification System in ULBs.
- vii) 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.
- viii) Introduction of computerized process of registration of land and property.
- ix) Revision of bye-laws to make rain water harvesting mandatory in all buildings to come up in future and for adoption of water conservation measures.
- x) Bye-laws on reuse of recycled water.
- xi) Administrative reforms, i.e., reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.
- xii) Structural reforms
- xiii) Encouraging Public-Private partnership.

**NOTE:** States/ULBs will be required to implement all the Mandatory Reforms and Optional Reforms within the Mission period. The States/ULBs need to choose at least two Optional Reforms each year for implementation. The details of reforms which have already been implemented and/or proposed to be taken up should be included in the detailed project reports.

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# **Guidelines for Integrated Housing & Slum Development Programme (IHSDP)**

***December, 2005***

**IHSDP**

## **1 INTRODUCTION**

- 1.1 Integrated Housing & Slum Development Programme aims at combining the existing schemes of VAMBAY and NSDP under the new IHSDP Scheme for having an integrated approach in ameliorating the conditions of the urban slum dwellers who do not possess adequate shelter and reside in dilapidated conditions.
- 1.2 The scheme is applicable to all cities and towns as per 2001 Census except cities/towns covered under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM)
- 1.3 The scheme seeks to enhance public and private investments in housing and infrastructural development in urban areas.

## **2. OBJECTIVES**

The basic objective of the Scheme is to strive for holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified urban areas.

## **3. COVERAGE**

- 3.1 The scheme will apply to all cities/towns, excepting cities/towns covered under JNNURM. The target group under the scheme is slum dwellers from all sections of the community through a cluster approach.
- 3.2 Allocation of funds among States will be on the basis of the States' urban slum population to total urban slum population in the country.
- 3.3 States may allocate funds to towns/cities basing on similar formula. However, funds would be provided to only those towns and cities where elections to local bodies have been held and elected bodies are in position.
- 3.4 The State Governments may prioritize towns and cities on the basis of their felt-need. While prioritizing towns, States would take into account existing infrastructure, economically and socially disadvantaged sections of the slum population and difficult areas.

## **4. COMPONENTS**

- 4.1 The components for assistance under the scheme will include all slum improvement/upgradation/relocation projects including upgradation/new construction of houses and infrastructural facilities, like, water supply and sewerage. Cost of land for such projects will not be provided under the programme and has to be borne by the State Government. In case the project is to be undertaken on private land, which is to be

acquired by the State, cost of land may also be part of the project costing only in the case of North Eastern States and the hilly States of Himachal Pradesh, Uttaranchal and Jammu & Kashmir .

#### 4.2 **Title of the land**

Title of the land should preferably be in the name of the wife and alternatively jointly in the names of husband and wife. In exceptional cases, title in the name of male beneficiary may be permitted.

#### 4.3. **A&OE**

Not more than 5% of the total allocation of funds under the scheme for A&OE purposes for preparation of project reports and for administrative purposes which may be distributed among Ministry and States/UTs/Implementing Agencies.

#### 4.4 **Ceiling Cost for Dwelling Unit** will be @ Rs.80,000 per unit for cities other than those covered under the Jawahar Lal Nehru National Urban Renewal Mission (JNNURM). This ceiling cost will, however, be reviewed after one year.

For special category/hilly States and difficult/far flung areas, 12.5% additionality will be permissible over and above the prescribed ceiling cost per dwelling unit.

#### 4.5 **Selection of Beneficiaries**

By SUDA/DUDA/ULBs/Government Nodal Agency authorized by the State Government.

#### 4.6 **Minimum Floor Area of Dwelling Unit**

Not less than **25 sq. mtrs.** Area and preferably two room accommodation plus kitchen and toilet should be constructed.

#### 4.7 **Infrastructure Development and Maintenance in the slums**

State Governments should ensure a separate provision for upkeep and maintenance of the public assets created under the scheme.

#### 4.8 **Beneficiary Contribution**

Housing should not be provided free to the beneficiaries by the State Government. A minimum of 12% beneficiary contribution should be stipulated, which in the case of SC/ST/BC/OBC/PH and other weaker sections shall be 10%.

#### 4.9 **Admissible Components**

- i) Provision of shelter including upgradation & construction of new houses.

- ii) Provision of community toilets.
- iii) Provision of physical amenities like water supply, storm water drains, community bath, widening and paving of existing lanes, sewers, community latrines, street lights, etc.
- iv) Community Infrastructure like provision of community centres to be used for pre-school education, non-formal education, adult education, recreational activities, etc.
- v) Community Primary Health Care Centre Buildings can be provided.
- vi) Social Amenities like pre-school education, non-formal education, adult education, maternity, child health and Primary health care including immunization, etc.
- vii) Provision of Model Demonstration Projects.
- viii) Sites and Services/houses at affordable costs for EWS & LIG categories.
- ix) Slum improvement and rehabilitation projects.
- x) Land acquisition cost will not be financed except for acquisition of private land for schemes/projects in the North Eastern States & hilly States, viz., Himachal Pradesh, Uttaranchal and Jammu & Kashmir.

Note: DPRs will have to be prepared by the implementing agencies for funding under IHSDP including specific project components, viz, health, education and social security. However, 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 the respective sectors (Health, Human Resource Development, Social Justice and Empowerment and Labour, etc.), but will also be monitored by the Ministry of Housing and Urban Poverty Alleviation in so far as urban poor are concerned.

4.10 The scheme may be converged with other State sectoral and departmental programmes relating to achieving social sector goals similar to those envisaged in this scheme.

## **5. FINANCING PATTERN**

5.1 The sharing of funds would be in the ratio of 80:20 between Central Government & State Government/ULB/Parastatal. States/Implementing Agencies may raise their contribution from their own resources or from beneficiary contribution/ financial institutions.

5.2 For special category States, the funding pattern between Centre and the States will be in the ratio of 90:10.

- 5.3 Funds from MPLAD/MLALAD could be canalized towards project cost and to that extent State share could be suitably reduced. However, MPLAD/MLALAD fund would not substitute beneficiary contribution.
- 5.4 The scheme will be implemented through a designated State level nodal agency.
- 5.5 In case Externally Aided Project (EXP) funds are available, these can be passed through as ACA to the State Govt. as funds contributed by State/ULBs/FIs.

## **6. RELEASE OF CENTRAL ASSISTANCE**

- 6.1. Central assistance (grant) released will go directly to the nodal agencies identified by the State government as Additional Central Assistance.
- 6.2 Release of Central share to nodal agency will depend on availability of State share and submission of utilization certificates in accordance with the provisions of General Financial Rules (GFRs).
- 6.3 The criteria for release of funds are as under:-  
State share has to be deposited in a separate account to become eligible for the Central grant. 50% of the Central grant will be released to the State nodal agency after verification of the State share, and on signing the tripartite Memorandum of Agreement. Second instalment will be released based on the progress.

## **7. INCENTIVES**

- 7.1 After due assessment of status of implementation of activities for which incentives are sought, Central Sanctioning Committee /State Level Co-ordination Committee may sanction/recommend additional Central grant upto a maximum of 10% to incentivise implementing agencies as indicated below:
- For adoption of innovative approaches and adoption of proven and appropriate technologies.
  - For Information, Education and communication (IEC).
  - For training and capacity building relating to project/ scheme.
  - For preparation of Detailed Project Reports.
  - For bringing about efficiencies in the projects.

## **8. STATE LEVEL NODAL AGENCY**

- 8.1 The State Government may designate any existing institution as nodal agency for implementation of the scheme.
- 8.2 The nodal agency will be responsible for the following:-

- (i) Inviting project proposals from ULBs/Implementing agencies;
- (ii) Techno-economic appraisal of the projects either through in-house expertise or by outside agencies through outsourcing;
- (iii) Management of funds received from Central and State Governments;
- (iv) Disbursement of the funds as per the financing pattern given in the guidelines;
- (v) Furnishing of utilization certificates, in accordance with the provisions of GFRs, and quarterly physical & financial progress reports to the Ministry of Urban Development;
- (vi) Maintenance of audited accounts of funds released to ULBs and implementing agencies

## **9. PROJECT APPRAISAL**

- 9.1 Urban Local Bodies and implementing agencies will submit detailed project reports to the designated State Level nodal agencies for appraisal.
- 9.2 The State Level nodal agency will forward the appraised projects to Ministry of Housing and Urban Poverty Alleviation for consideration of CSC/State Level coordination Committee, as the case may be.

## **10. STATE LEVEL COORDINATION COMMITTEE (SLCC):**

- 10.1 The composition of the State Level Coordination Committee (SLCC) will be decided by the States.
- 10.2 SLCC will ensure the following:
- a. Examine and approve project reports submitted by the local bodies/ implementing agencies taking into account the appraisal reports;
  - b. Periodically monitor the progress of sanctioned projects/ schemes including funds mobilization from financial institutions.
  - c. Review the implementation of the scheme keeping in view its broad objectives and ensure that the programmes taken up are in accordance with the guidelines laid down.
  - d. Review the progress of urban reforms being undertaken by ULBs/ implementing agencies.
- 10.3 SLCC shall meet as often as required but shall meet quarterly to review the progress of ongoing projects and for sanction new projects.

## **11. CENTRAL SANCTIONING COMMITTEE**

- 11.1 The composition of Central Sanctioning Committee (CSC) will be as per the VAMBAY Scheme with following composition:-

i) Secretary, HUPA	–	Chairperson
ii) Joint Secretary (HUPA)	–	Member
iii) JS&FA	–	Member
iv) JS(UD)	–	Member
v) CMD, HUDCO	–	Member
vi) Director(UPA)	–	Convener

11.2 The CSC will examine and approve the projects relating to Housing and Integrated projects on housing and infrastructure development, submitted by the State Nodal Agencies on the recommendations of the State Level Co-ordination Committee.

11.3 The State Level Co-ordination Committee will examine and approve the projects relating to providing only basic amenities/ improvement of infrastructure to the slum dwellers.

## 12. AGENDA OF REFORMS

The main thrust of the revised strategy of urban renewal including providing basic services to the urban poor (BSUP) is to ensure improvement in urban governance so that Urban Local Bodies (ULBs) and para-statal agencies become financially sound with enhanced credit rating and ability to access market capital for undertaking new programmes and expansion of services. In this improved environment, public-private participation models for provisioning of various services would also become feasible. To achieve this objective, State Governments, Urban Local Bodies and para-statal agencies will be required to accept implementation of an agenda of reforms. The proposed reforms shall broadly fall into two categories:-

- i) Mandatory reforms
- ii) Optional reforms

List of Mandatory and Optional reforms is at **Annexure**.

National Steering Group may add additional reforms to the identified reforms.

The State Governments, ULBs and para-statal agencies will be required to execute a Memorandum of Agreement (MoA) with the Government of India committing to implement the reform programme. MoA would also spell out specific milestones to be achieved for each item of reform. Signing of this tri-partite MoA will be a necessary condition to access Central assistance.

## 13. MONITORING

- Ministry of Housing and Urban Poverty Alleviation will periodically monitor the



scheme through designated Officer of the Ministry for each State/UT.

- State level nodal agency would send quarterly progress report to the Ministry of MoHUPA.
- SLCC/CSC would ensure quarterly monitoring of various projects recommended/sanctioned under the programme.

#### **14. TRAINING AND CAPACITY BUILDING**

The Central and State Governments will make continuous efforts for training and up-gradation of the skills of the personnel responsible for the project and the elected representatives. State Government may organize suitable training as well as capacity building programmes through reputed institutions in the field. The same will form part of DPR to be submitted by implementing agency.

#### **15. MISCELLANEOUS**

15.1 It will be the responsibility of Urban Local Bodies/implementing agencies to keep an inventory of assets created and also to maintain and operate the assets and facilities created.

15.2 The implementing agencies at the ULB/implementing agency level will be required to open and maintain separate bank account for each project in a commercial bank for receipt and expenditure of all money to be received and spent. ULBs/implementing agencies should maintain registers for utilization of funds separately for Central and State shares and loan from financial institutions.

15.3 The nodal agency will maintain institution-wise and project-wise accounts under the scheme.

15.4 Projects taken up under the on-going schemes under VAMBAY during the last five years beginning from 2001-2002 will continue to be funded as per the existing guidelines of VAMBAY Scheme till completion of those projects. Further, till the IHSDP Scheme is put in place, even fresh proposals may be taken up under VAMBAY for the year 2005-06.

15.5 Ministry of Housing and Urban Poverty Alleviation, in consultation with Ministry of Finance, may effect changes in the scheme guidelines, other than those affecting the financing pattern as the scheme proceeds, if such changes are considered necessary.

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## URBAN REFORMS

Urban reforms may include:

### Mandatory Reforms

#### Urban Local Body Reforms (at ULB Level)

- i) Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies.
- ii) Introduction of system of e-governance using IT applications like GIS and MIS for various services provided by ULBs.
- 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 **the Mission period**.
- iv) Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance is collected within **the Mission period**. However, cities/towns in North East and other special category States may recover at least 50% of operation and 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 ensuring delivery of other already existing universal services of the government for education, health and social security.

### State Level Reforms

- i) Implementation of decentralization measures as envisaged in Seventy Fourth Constitutional Amendment. States should ensure meaningful association/engagement of ULBs in planning function of Parastatals as well as delivery of services to the citizens.
- ii) Rationalisation of Stamp Duty to bring it down to no more than 5% within **the Mission period**.
- iii) Enactment of community participation law to institutionalize citizen participation and introducing the concept of the Area Sabha in urban areas.
- iv) Assigning or associating elected ULBs into “city planning function” over a period of five years; transferring all special agencies that deliver civic services in urban areas and creating accountability platforms for all urban civic service providers in transition.

### OPTIONAL REFORMS

- i) Repeal of Urban Land Ceiling and Regulation Act.
- ii) Amendment of Rent Control Laws balancing the interest of landlords and tenants.

- iii) Enactment of Public Disclosure Law to ensure preparation of medium-term fiscal plan of ULBs and release of quarterly performance information to all stakeholders.
- iv) Revision of bye-laws to streamline the approval process for construction of buildings, development of sites, etc.
- v) Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.
- vi) Introduction of Property Title Certification System in ULBs.
- vii) 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.
- viii) Introduction of computerized process of registration of land and property.
- ix) Revision of bye-laws to make rain water harvesting mandatory in all buildings to come up in future and for adoption of water conservation measures.
- x) Bye-laws on reuse of recycled water.
- xi) Administrative reforms, i.e., reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.
- xii) Structural reforms
- xiii) Encouraging Public-Private partnership.

**NOTE:** States/ULBs will be required to implement the Mandatory Reforms and Optional Reforms within the Mission period. The States/ULBs need to choose at least two Optional Reforms each year for implementation. The details of reforms which have already been implemented and/or proposed to be taken up should be included in the detailed project reports.

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