

Integrated Development of Small & Medium Towns (IDSMT) Scheme

1.0 Introduction

The total population of the country has increased from 361 million in 1951 to 1027 million in 2001, whereas, urban population has increased from 62 million to 285 million during the same period. The numbers of metropolitan cities have increased from 23 in 1991 to 35 in 2001. Thus, it is evident that there was a clear shift towards large towns, perhaps due to lack of employment opportunities and poor urban infrastructural base of the small and medium towns.

The Centrally sponsored scheme of Integrated Development of Small & Medium Towns (IDSMT) was initiated in the year 1979-80 and is continued with timely amendments and modifications upto 2004-2005 and in December 2005 it was subsumed in UIDSSMT Scheme. Investment in the development of small urban centres would help in reducing migration to large cities and support the growth of surrounding rural areas as well.

2.0 Objectives of IDSMT

2.1 The main objectives of IDSMT scheme are:

- a) Improving infrastructural facilities and helping in the creation of durable public assets in small and medium towns.
- b) Decentralising economic growth and employment opportunities and promoting dispersed urbanisation.
- c) Increasing the availability of serviced sites for housing, commercial and industrial uses.
- d) Integrating spatial and socio-economic planning as envisaged in the Constitution (74th Amendment) Act, 1992.
- (e) Promoting resource-generating schemes for the urban local bodies to improve their overall financial position.

3.0 Selection of towns

- a) IDSMT Scheme will be applicable to towns/cities with population upto 5 lakhs.
- b) Towns are to be identified and prioritized by the State Governments and UTs according to their Urban Strategy within the framework of Guidelines of the Scheme.
- c) The IDSMT Scheme will be applicable to only those towns where elections to the local bodies have been held and elected bodies are in position.

4.0 Components for Funding

- Strengthening of Master Plan road facilities including ring, arterial, bypass/link roads and small bridges,
- Sites and services,
- Development of bus/truck terminals,
- Construction/upgradation of Master Plan drains including Storm water channels,
- Solid waste management
- Development of market complexes/shopping centres,
- Provision of tourist facilities,
- Development of City/Town Parks
- Street lighting for Master Plan roads,
- Slaughter houses,
- Major public amenities like Gardens, Playgrounds, Marriage halls, Pay-and-use toilets, etc.
- Cycle/Rickshaw stands,
- Traffic improvement and management schemes,
- Construction of retaining walls and slope stability measures in hill station towns,
- Social amenities, specially for the poorer sections.

5.0 Funding pattern

Central assistance and State share provided under IDSMT scheme to the local bodies is in the form of grant.

(Rs. in lakhs)

Category of Town (Population)	Project Cost	Central Assistance (Grant) Maximum	State Share (Grant)	HUDCO/Financial Institutional Loan/ Other Sources
A (< 20000)	100	48	32	20 (20%)
B (20000-50000)	200	90	60	50 (25%)
C (50000-100000)	350	150	100	100 (29%)
D (1 – 3 Lakhs)	550	210	140	200 (36%)
E (3 – 5 Lakhs)	750	270	180	300 (40%)

5.2 To enable the preparation of project reports under IDSMT Scheme grant-in-aid will be available to State Governments/Municipalities on 60(Central grant) : 40(state grant) basis with total cost restricted to Rs.3.00 lakh to towns with population up to 50000, Rs.4.00 lakh for towns with population between 50000 and 1 lakh, Rs.5.00 lakh for towns with population between 1 and 3 lakhs and Rs.6.00 lakhs for towns with population between 3 and 5 lakhs under the Central Urban Infrastructure Support Scheme (CUISS).

6.0 Appraisal and processing

The State Government/UTs have to prepare and send detailed project report in the prescribed format to the Town and Country Planning Organisation (TCPO) for scrutiny and appraisal.

The State Level Sanctioning Committee (SLSC) considers appraisal reports prepared by TCPO and recommends for release of central assistance to the Government of India.

7.0 . Monitoring:

Based on the Quarterly Progress Reports (QPRs) received from the State Governments, TCPO prepares progress reports of the scheme State-wise/town-wise and submits the reports to the Ministry. A Monitoring Committee under the Chairmanship of Joint Secretary (UD) reviews the progress on quarterly basis. Besides, Town and Country Planning Organisation (TCPO) also monitors the scheme at the field level by visiting the towns at random. The representatives of Government of India from the Ministry, TCPO and Planning Commission also review the progress of the scheme in the meetings of the SLSC.

8.0 Evaluation:

This Ministry got the Scheme evaluated during 2002 by Regional Centres for Urban and Environmental Studies (RCUES) at Lucknow, Mumbai and Hyderabad in 36 towns of 12 States.

9.0 PROBLEMS IN IMPLEMENTATION

- (i) Availability of land free from encumbrances for the projects under the Scheme and frequent changes of location of the approved components by implementing agencies..
- (ii) Non-availability and non-release of matching state share by the State Governments within the specified time .
- (iii) Local bodies not in a position are inept to avail loan from financial institutions to partly finance the Scheme.
- (iv) Inadequate capacity of the implementing agencies for execution of the scheme.
- (v) Non-submission of Utilization Certificates in time by the States.

10.0 OVERALL PERFORMANCE OF THE SCHEME (Since inception)

The total release of central assistance amounts to Rs. 1069.90 crores for 1854 towns under IDSMT and Rs.26.78 crores under CUISS (total Rs.1096.68 crores) till 31st March, 2008. The states have released Rs. 707.82 crores towards matching state share. Against these releases an expenditure of Rs.1614.44 crores has been reported by the States. The Plan wise number of towns covered and central assistance released is given in the following table:

Number of Towns Covered and Central Assistance released (Plan wise)
(Rs. in crores)

S.No	Plan Period	Number of towns covered	C A Released
1.	VI Plan	235	63.57
2.	VII Plan	145	80.02
3.	1990-91	77	19.10
4.	1991-92	60	13.44
5.	8th Plan	387	107.80
6.	9th Plan	268	236.41
	10TH Plan		
7.	2002-03	168	85.43
8.	2003-04	215	102.72
9.	2004-05	299	142.00
10.	2005-06	-	112.46
11.	2006-07	-	106.95
TOTAL :		1854	1069.90

After the launching of the new scheme of UIDSSMT, no new towns were covered under IDSMT Scheme since 2005-06 onwards. No central grant has been allocated under IDSMT Scheme since 2007-08.

The State wise number of towns covered, central assistance released and expenditure reported till 25th September, 2008 is given at **Annexure-I**. In addition, under CUISS Rs.26.78 crores has been released so far.

**TOWNS COVERED, CENTRAL ASSISTANCE, STATE SHARE
RELEASED AND EXPENDITURE REPORTED UNDER IDSMT SCHEME
SINCE 1979-80 UP TO 25TH SEPTEMBER, 2008.**

SLNO	STATE	TOWNS COVERED	(RS IN LAKH)		
			C.A. RELEASED	ST.SHARE RELEASED	EXPEND- ITURE REPORTED
1	ANDHRA PRADESH	131	9543.06	5708.90	14987.46
2	ARUNACHAL PRADESH	16	622.00	354.41	559.34
3	ASSAM	56	2284.36	1360.03	2418.50
4	BIHAR	51	2162.18	1526.00	2006.54
5	CHHATTISGARH	39	3031.70	1484.35	3893.93
6	GOA	9	220.08	36.45	176.38
7	GUJARAT	115	7587.70	4893.88	12201.94
8	HARYANA	35	2897.20	1636.49	4042.60
9	HIMACHAL PRADESH	24	1174.06	997.82	2222.28
10	JAMMU & KASHMIR	23	1295.97	782.92	1370.60
11	JHARKHAND	13	493.76	490.97	663.55
12	KARNATAKA	169	8765.00	5585.79	9621.86
13	KERALA	58	3895.41	2377.09	5314.30
14	MADHYA PRADESH	146	6422.04	4576.73	7802.14
15	MAHARASHTRA	178	12637.07	8483.34	25457.98
16	MANIPUR	22	894.10	598.83	985.90
17	MEGHALAYA	8	411.50	349.18	587.60
18	MIZORAM	13	671.40	604.63	1198.09
19	NAGALAND	10	546.09	832.85	1720.03
20	ORISSA	67	2941.68	1895.94	4294.86
21	PUNJAB	38	2043.30	1460.99	3714.08
22	RAJASTHAN	78	4853.26	2752.72	7705.18
23	SIKKIM	10	250.89	447.44	503.65
24	TAMILNADU	172	9164.07	5790.12	14692.66
25	TRIPURA	18	849.06	719.45	1354.71
26	UTTARANCHAL	15	613.00	441.32	350.27
27	UTTAR PRADESH	206	10651.60	7229.26	15997.66
28	WEST BENGAL	121	9512.30	6857.62	15058.60
29	ANDAMAN & N. ISLANDS	1	92.00	0.00	124.00
30	DADRA & N. HAVELI	2	112.22	60.00	49.12
31	DAMAN & DIU	1	23.00	6.00	10.80
32	LAKSHADWEEP	1	25.00	0.00	0.00
33	PUDUCHERRY	8	303.75	440.42	357.28
	GRAND TOTAL	1854	106989.81	70781.94	161443.89

I . Major Findings of the Evaluation Study of IDSMT in U.P, M.P, Bihar and Orissa by Regional Centre for Urban and Environmental Studies, Lucknow

Findings

1. At the time of project formulation implementing agencies expressly mentions the availability of land, but at the implementation stage, in many cases land is not made available on the pretext of either not existing or under litigation.
2. Construction of shopping centers and commercial complexes is the first preference in all the towns and situation has reached to the saturation resulting into unused and unallotted shops lying therein.
3. Three-fourths of the beneficiaries feel benefited by the projects carried out under the IDSMT Scheme.
4. In many towns physical achievement in comparison to original target has been less, but the amount spent is found equal or sometimes more than the estimated outlay.
- 5.(a) The Census data revealed the continuous and steady concentration of population in Class-I towns and it is attributed to two factors, i.e. natural growth and in-migration. The migration to big urban centres is not exclusively from rural areas, but from small urban centers as well.
- 5.(b) The towns are expanding in haphazard and unplanned manner. The IDSMT Scheme shall be approved only in those towns which submit the approved master plan.
6. Since many urban local bodies lack required technical expertise, TCPO , New Delhi should extend all support.
7. A number of agencies are involved in implementation of IDSMT Scheme and all the city development schemes including IDSMT are to be implemented exclusively by municipalities under the technical guidance of TCPO.
8. The channel of fund movement should be from Central Govt. to State Govt. to District Planning Committee to Municipalities.
9. Many State Govts. are not sincere in making state share available on regular basis and this becomes a major constraint. The help of State Planning Board and State Finance Commission may be sought.
10. Time lag between formulation of projects, appraisal and sanctioning needs to be reduced. The Sanctioning Committee should meet quarterly.
11. The elected representatives, Community Development Groups etc. should be associated at the stage of formulation of schemes.
12. Majority of implementing agencies are not paying due attention towards return of investment or on re-investment effort. The provision for setting up of Revolving Fund has not been made for facilitating re-investment. The experience of Berasia town of M.P needs to be followed in other towns.
13. Frequent visits of officials from TCPO, State level officers etc. to the towns would pay

dividends.

14. It is found that cost-benefit analysis is confined only to commercial projects and more so it centers around monetary and tangible benefits. There is a need to apply Social Cost-Benefit Analysis.
15. Implementing agencies have not sought institutional financing. Instead of institutional financing public – private partnership should be facilitated and community at large be brought into network.
16. Periodical workshops and training programmes should be organized for re-orienting the officials in implementation of the IDSMT Scheme.

II. Major Findings of the Evaluation and Implementation of Centrally Sponsored Scheme of I.D.S.M.T. by Regional Centre for Urban and Environmental Studies, Mumbai

Sl. FINDINGS

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1. Programme coverage, both in terms of components and cities, was wider and markets and mandies, shopping centres provide stimulus to the town and a source of revenue to the municipality.
2. The previous studies on the scheme indicated that though there has been considerable improvement in physical infrastructure in many towns, their emergence as growth centres to absorb migrants and support rural development has not taken place, due to deficiencies like, inappropriate selection of towns, non-availability of land, between actual requirement of land and acquisition, inadequacy of financial allocation, non-availability of institutional finance etc.
3. Spatial pattern of urbanization in India dominated by big cities has not changed significantly despite the effort of Government to promote the growth of small and medium towns through IDSMT. The programmes have certainly helped to provide some revenue to local bodies.
4. To check flow of unemployed from rural to big cities, development of small and medium towns all over the country and strengthening their linkages with contiguous rural areas deserves special attention.
5. A comprehensive programme for investment and improved marketing facilities, transport, repair and technical services besides basic minimum municipal services has become urgent.
6. Corrective action for decongestion of metropolitan cities through appropriate industrial dispersal policy is necessary.
7. To overcome the problem of lopsidedness it would be desirable to pursue the policy of integrated development of small and medium towns as an important part of state and national urbanization policy.
8. Schemes covered under IDSMT are being monitored and executed properly. State Governments have constituted SLSCs and local level monitoring committees for proper quicker implementation of projects and these committees have been doing excellent work.
9. Project report made for the towns under study indicate that they were based on all theoretical analysis and justifying the selection of town.
10. All the 8 case study towns in Maharashtra and Gujarat are growing urban centres and planned growth of these towns will help relieving the pressure on big cities.
11. Some intermediate towns in States with population size between 1-3 lakhs are most

- appropriate to perform as effective growth centres. Towns below have shown limited potential to serve as regional growth centres or generators of economic momentum.
12. The successful implementation of schemes in the case study towns have helped in improving the status of these towns as growth centres and generated sizeable employment and has reduced the gap in infrastructure needs. It has helped in achieving the objectives of the scheme.
 13. IDSMT programme should be tailored within the framework of regional plan and development plan of the town.
 14. Technical assistance and training are essential for strengthening local Govt. capabilities.

III. Major Findings of the Evaluation and Concurrent Study of IDSMT in Andhra Pradesh, Karnataka, Kerala and Tamil Nadu. by Regional Centre for Urban and Environmental Studies, Hyderabad.

Major Findings

1. The study carried out in 3 towns each of four States namely; Andhra Pradesh, Karnataka, Kerala and Tamil Nadu.
2. There has been a rapid and consistent increase in the number of urban centers in Andhra Pradesh after 1951. Number of towns in all classes decreased from 276 to 210. between 1951 and 2001.
3. In Andhra Pradesh, 35 schemes of VI Plan, VII Plan and two annual Plans between 1990-1992 have been completed. 38 VIII Plan Towns have been grounded and they are under progress at different stages. 100% of funds released have been utilized. 19 schemes of IX Plan are yet to be grounded.
4. In Karnataka, a total of 89 towns have been covered under IDSMT Scheme for a project cost of Rs.17426.63 lakhs. Central assistance released was 6601.62 lakhs and amount utilized was Rs.4257.41 lakhs and utilization of funds was 64.49%.
5. The annual revenue from remunerative schemes (in 34 towns) as percentage of investment in works out to roughly 7.5%. On the other hand, the annual revenue from remunerative schemes in comparison with the total investment in IDSMT schemes is negligible 4.7%.
6. In Kerala, the urban population growth rate is negative in migration in urban areas mainly due to out migration to the other States. The urban population is due to natural growth reclassification and new towns rather than migration in to existing urban areas from the rural settlements.
7. The total central assistance released for IDSMT in Kerala was Rs.2028.56 lakhs for 40 towns against which an expenditure of Rs.1277.36 lakhs was reported (till March, 2002) which works out to 156.51% of central assistance released and equal state matching contribution taken together.
7. In Tamil Nadu, the urban population has been increasing rapidly and more particularly in class I and class II cities/towns. This shows the growth in big cities and towns was much higher than the small towns. The main reasons for the this type of un-balanced urbanization are one rural poverty, inadequate employment opportunities in rural areas and lack of adequate infrastructure facilities in small and medium towns.

8. A total of Rs.4207.03 lakhs was released for 119 towns against which an expenditure of Rs.2285.42 lakhs was reported which works out to 95.51% of central assistance released and equal matching contribution taken together.

Supplementary Annexure-IV

Major Findings of the Evaluation Study of IDSMT in U.P, M.P, Bihar Orissa , Maharashtra, Gujarat, Goa, Andhra Pradesh, Tamil Nadu, Karnataka & Kerala by Regional Centres for Urban and Environmental Studies, Lucknow, Mumbai and Hyderabad and the actions taken thereof.

Sl. No.	Findings	Action Taken
1.	Three-fourths of the beneficiaries feel benefited by the projects carried out under the IDSMT Scheme.	Since, it is an outcome of the implementation of the scheme, no further action is required.
2.	In many towns physical achievement in comparison to original target has been less, but the amount spent is found equal or sometimes more than the estimated outlay.	Due to delay in implementation, cost over run may have taken place. States to expedite execution, timely, to avoid cost over runs. The States have been, time and again, directed to completion of the schemes as per schedule.
3.	The Census data revealed the continuous and steady concentration of population in Class-I towns and it is attributed to two factors, i.e. natural growth and in-migration. The migration to big urban centres is not exclusively from rural areas, but from small urban centres as well.	Migration from rural and small urban centres is a result of several socio-economic factors and IDSMT alone cannot stop the process. As such, the objective of reduction in migration is deleted in the new scheme, UIDSSMT.

4. Many State Govts. are not sincere in making state share available on regular basis and this becomes a major constraint. The help of State Planning Board and State Finance Commission may be sought.

The State Planning Board and State Finance Commissions are again in the State domain. However, Secretary, Planning of the State Government is made one of the members of the SLSC of UIDSSMT. Further, release of further instalment of central assistance is considered only after release of matching State share by the concerned States. This will be followed in the revised guidelines too.
5. Time lag between formulation of projects, appraisal and sanctioning needs to be reduced. The Sanctioning Committee should meet quarterly.*

Necessary provisions are already incorporated in the UIDSSMT Guidelines to convene the SLSC meeting at least thrice in a year and State Nodal Agencies/designated agencies are empowered to appraise the projects.
6. The elected representatives, Community Development Groups etc. should be associated at the stage of formulation of schemes.

The existing guidelines provide for consultation with elected representatives of the ULBs in formulation of schemes. The Municipal council resolution in selection of the schemes is mandatory.
7. Implementing agencies have not sought institutional financing. Instead of institutional financing public – private partnership should be facilitated and community at large be brought into network.

In view of the limited response to the institutional finance component, the share from financial institutions is limited to 10% only of the project cost in new scheme of UIDSSMT. Besides, projects from public- private partnership are encouraged in a big way in the new scheme.

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| <p>8. Periodical workshops and training programmes should be organized for re-orienting the officials in implementation of the IDSMT Scheme.</p> | <p>The existing as well as UIDSSMT guidelines provide for periodical workshops and training programmes. Training programmes are organised at different locations across the country. Organising such programmes will continue in future also.</p> |
| <p>9 Programme coverage, both in terms of components and cities, was wider and markets and mandies, shopping centres provide stimulus to the town and a source of revenue to the municipality.</p> | <p>This is an outcome of the scheme and no further action is required.</p> |
| <p>10 Spatial pattern of urbanization in India dominated by big cities has not changed significantly despite the effort of Government to promote the growth of small and medium towns through IDSMT. The programmes have certainly helped to provide some revenue to local bodies.</p> | <p>This is an outcome of the scheme and no further action is required.</p> |
| <p>11 To check flow of unemployed from rural to big cities, development of small and medium towns all over the country and strengthening their linkages with contiguous rural areas deserves special attention.</p> | <p>The existing guidelines emphasize linkages with the contiguous rural areas and the project reports are sought to be prepared taking into account the needs of the hinterland of the town/region. No further action may be required.</p> |

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| 12 | To overcome the problem of lopsidedness it would be desirable to pursue the policy of integrated development of small and medium towns as an important part of state and national urbanization policy. | In view of its importance, the scheme is continued in the 10 th Plan with enhanced budgetary support ,both from the Centre and States. |
| 13 | Schemes covered under IDSMT are being monitored and executed properly. State Governments have constituted SLSCs and local level monitoring committees for proper quicker implementation of projects and these committees have been doing excellent work. | No further action is required. |
| 14 | All the 8 case study towns in Maharashtra and Gujarat are growing urban centres and planned growth of these towns will help relieving the pressure on big cities. | This is an outcome of the implementation of the schemes . |
| 15 | The successful implementation of schemes in the case study towns have helped in improving the status of these towns as growth centres and generated sizeable employment and has reduced the gap in infrastructure needs. It has helped in achieving the objectives of the scheme. | This is an outcome of the implementation of the schemes. |