



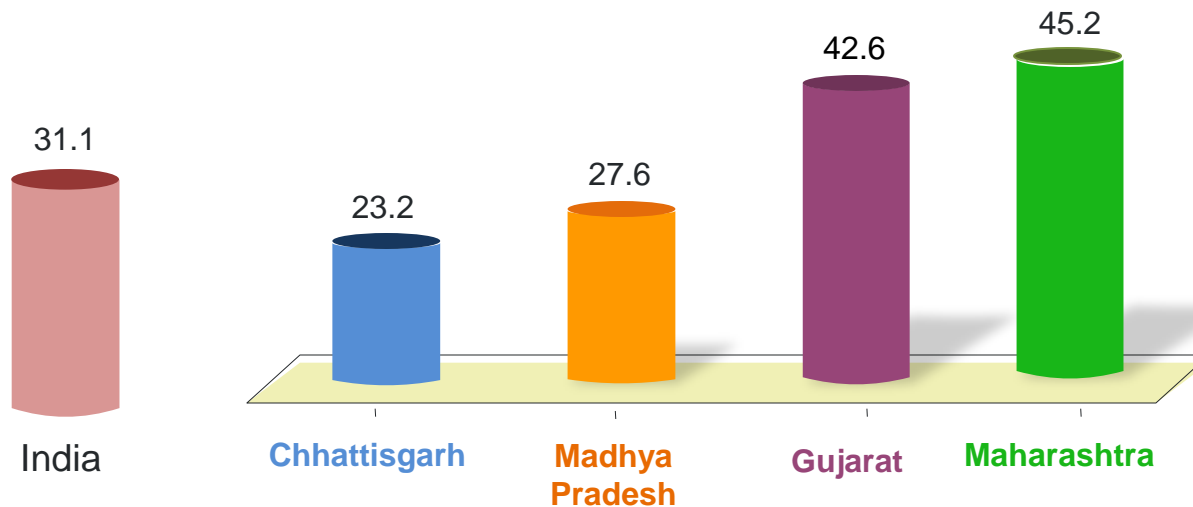
HPEC (Ahluwalia) Report 2011 Highlights and Recommendations

October 11, 2012

First Regional Knowledge Dissemination Workshop

Bhopal, Madhya Pradesh

Urban Share of Total Population in 2011 (per cent)



This compares with

45 % in Indonesia

48 % in China

78 % in Mexico

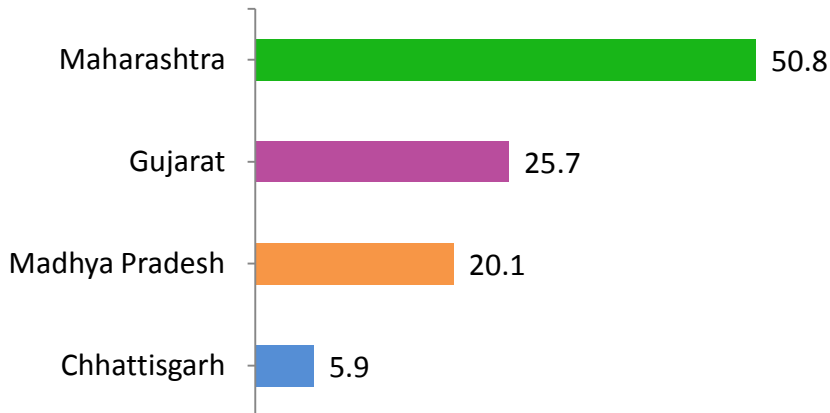
87 % in Brazil

India is Urbanising...

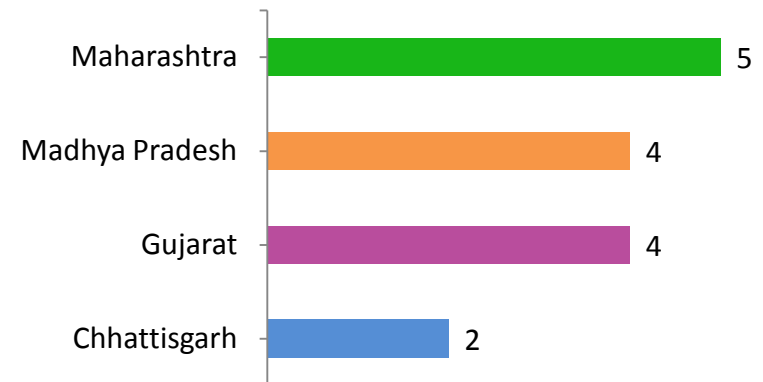
Urban population to increase

- From 377 million today to 600 million by 2031
- Urban poverty - 20.9 % of urban population in 2009-10
- From **53** metropolitan cities with population of over 1 million in 2011 to **87** by 2031

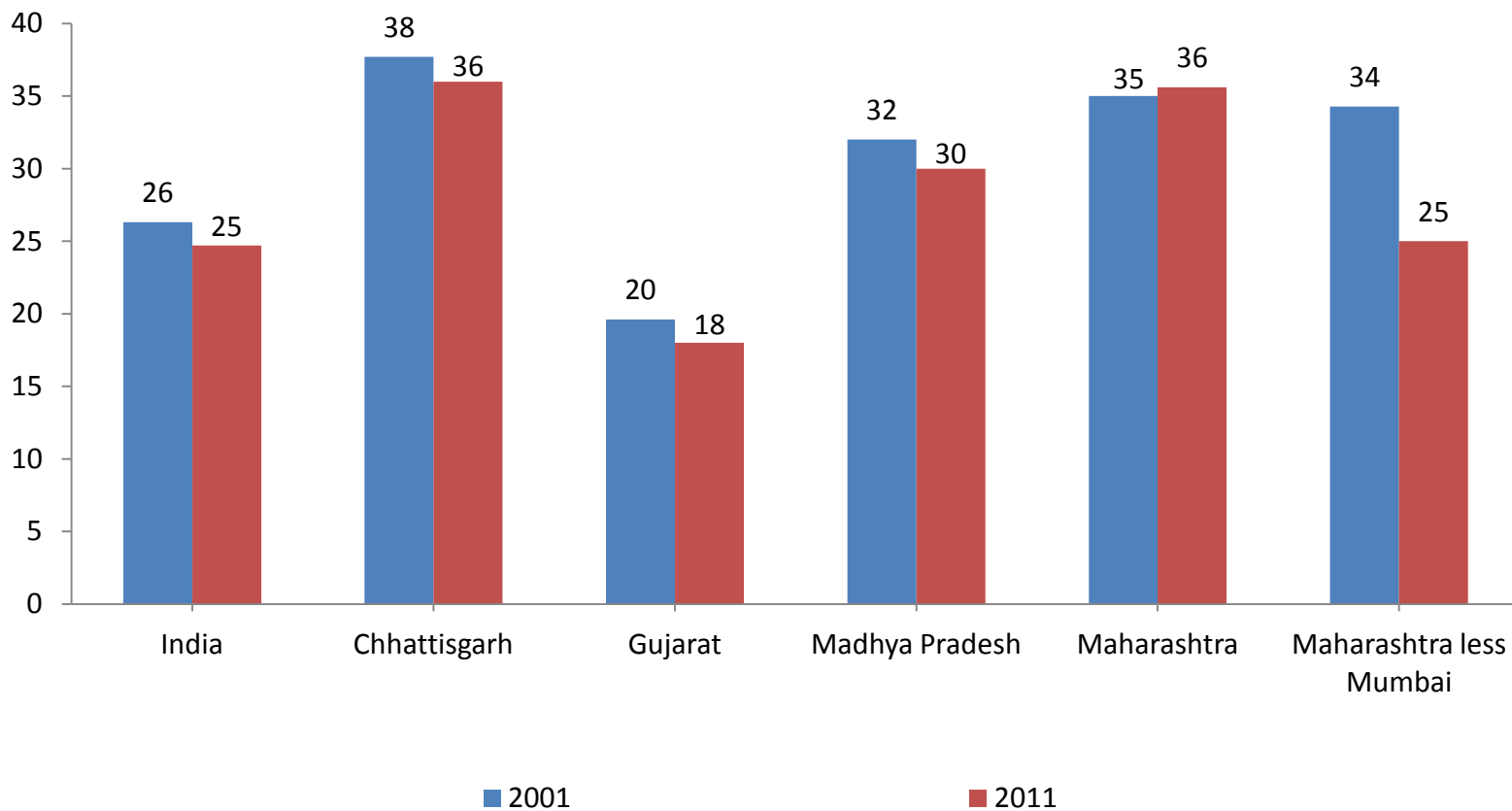
Urban Population
(million)



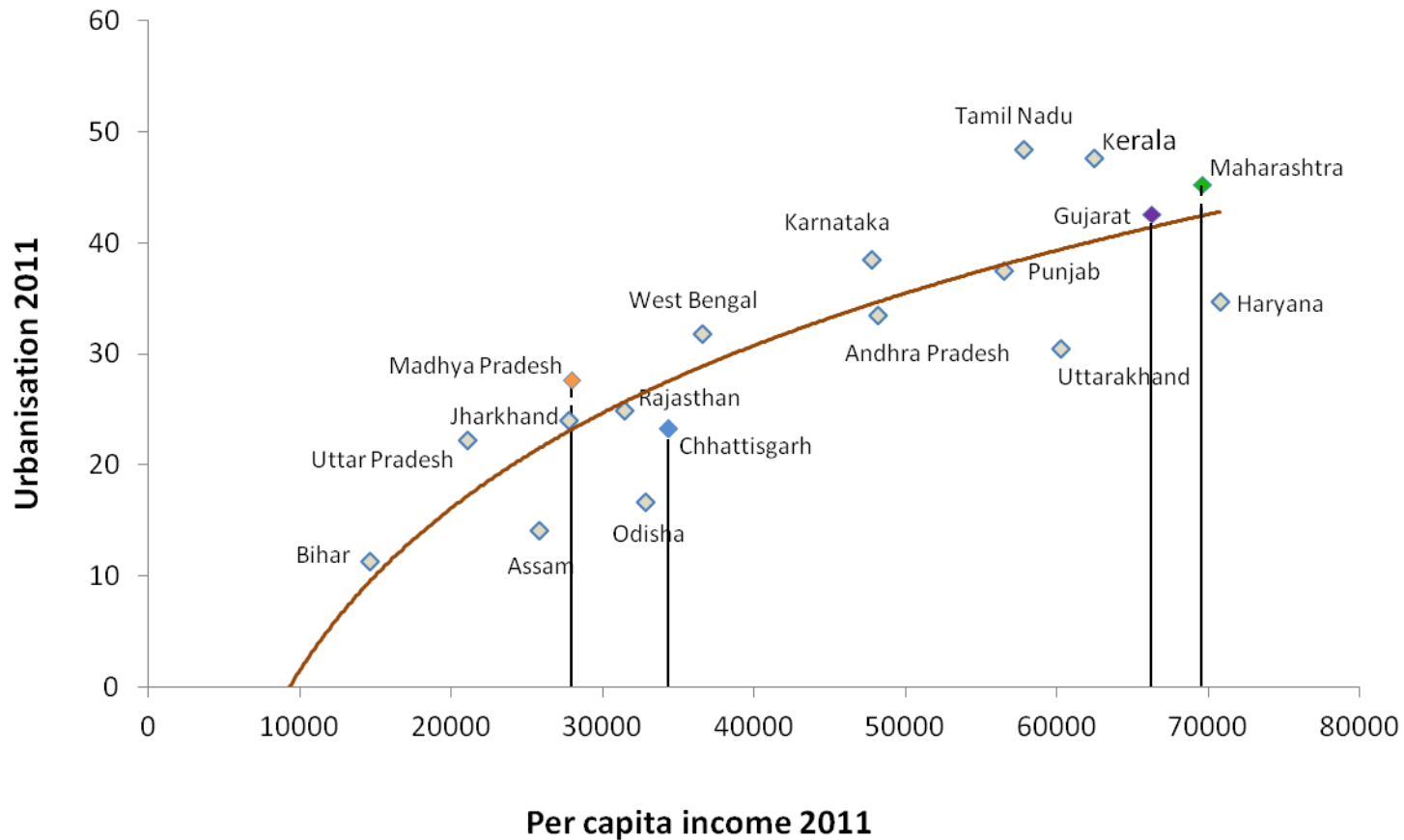
Number of Metropolitan Cities



Comparing slum population: India and the 4 states (per cent of urban population)

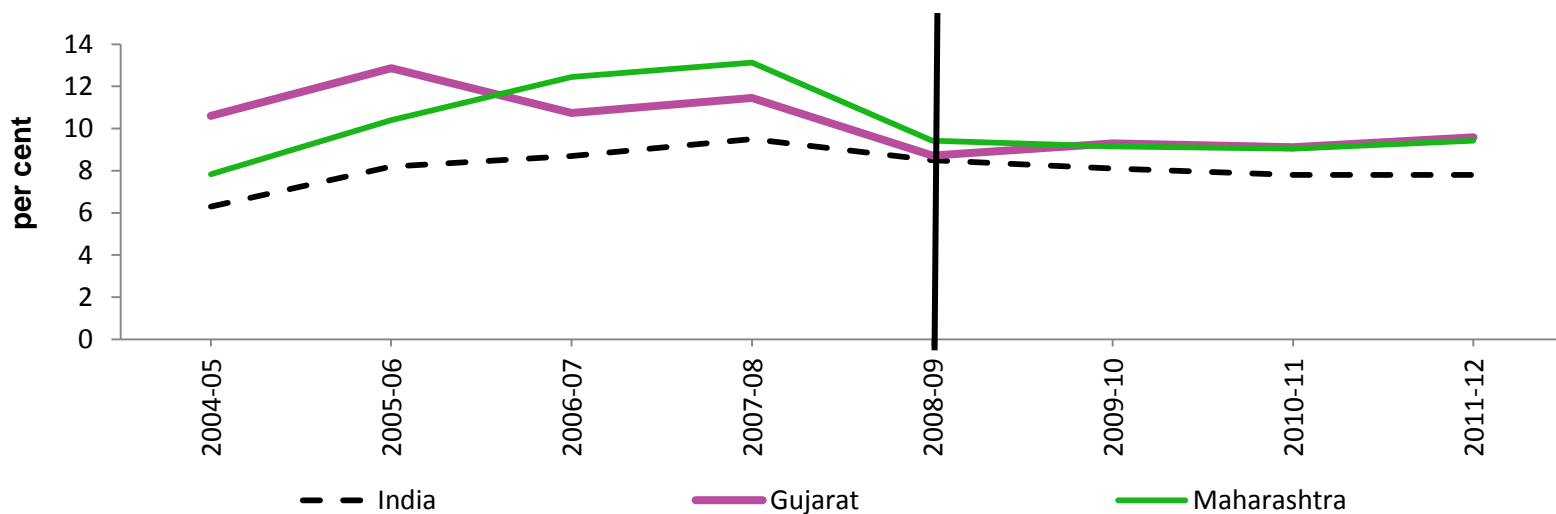
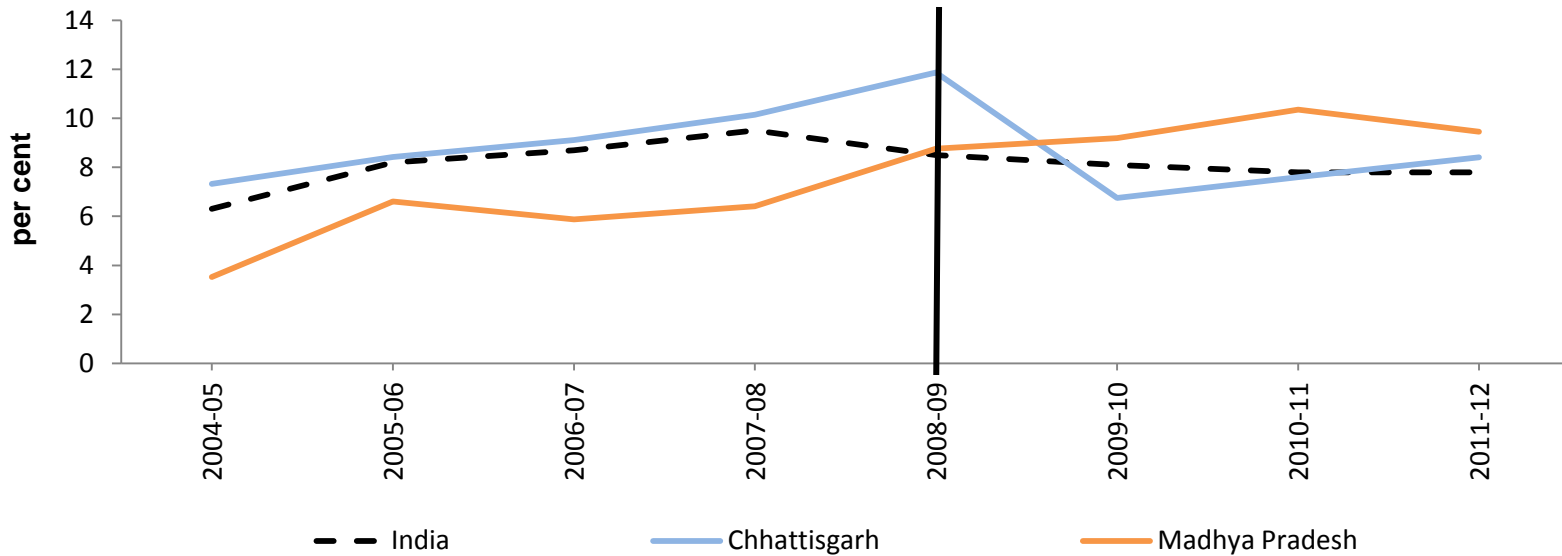


Per capita income and urbanisation levels: States 2011

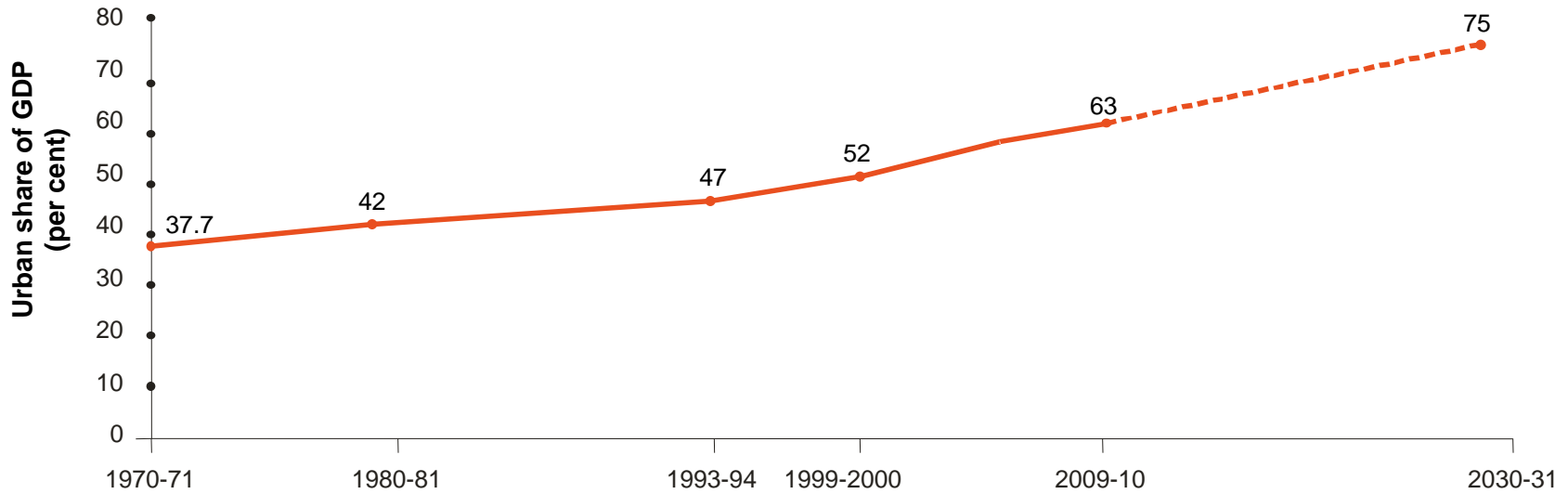


Source: Estimates based on Census of India data and CSO.

Comparing growth of GDP: India and the 4 states



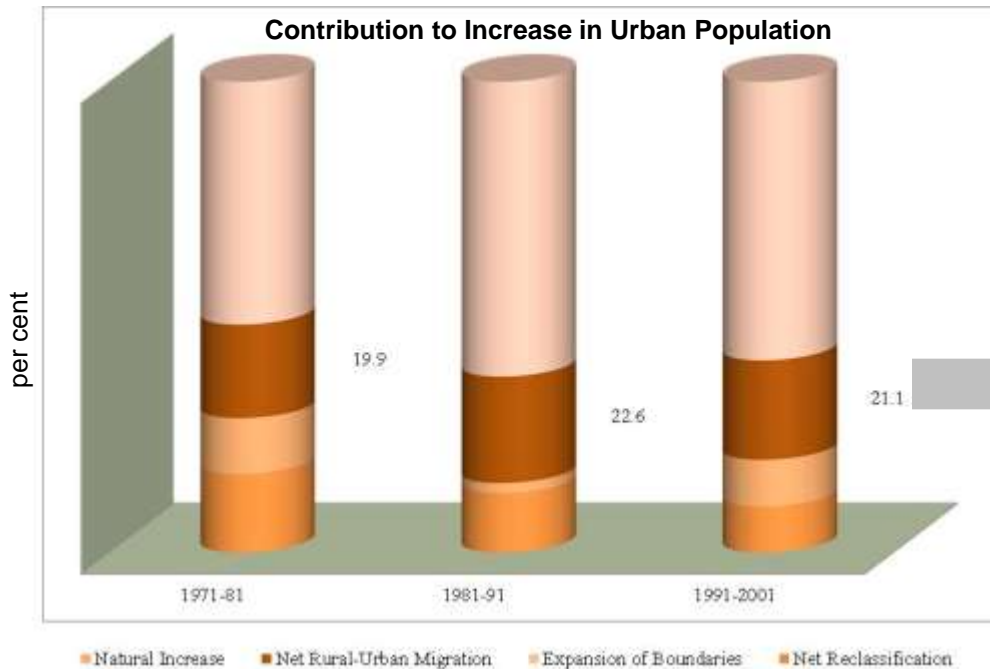
Structural Transformation



Source: CSO, Eleventh Five Year Plan and the Mid-Term Appraisal Document of the Eleventh Five Year Plan

Rapid Growth has meant that as Indian economy goes through a major structural transformation, urban share of GDP is rising rapidly

Role of rural-urban migration



Migration has played a minor role in urbanisation

Net Rural-Urban Migration

Census 2011 figures awaited

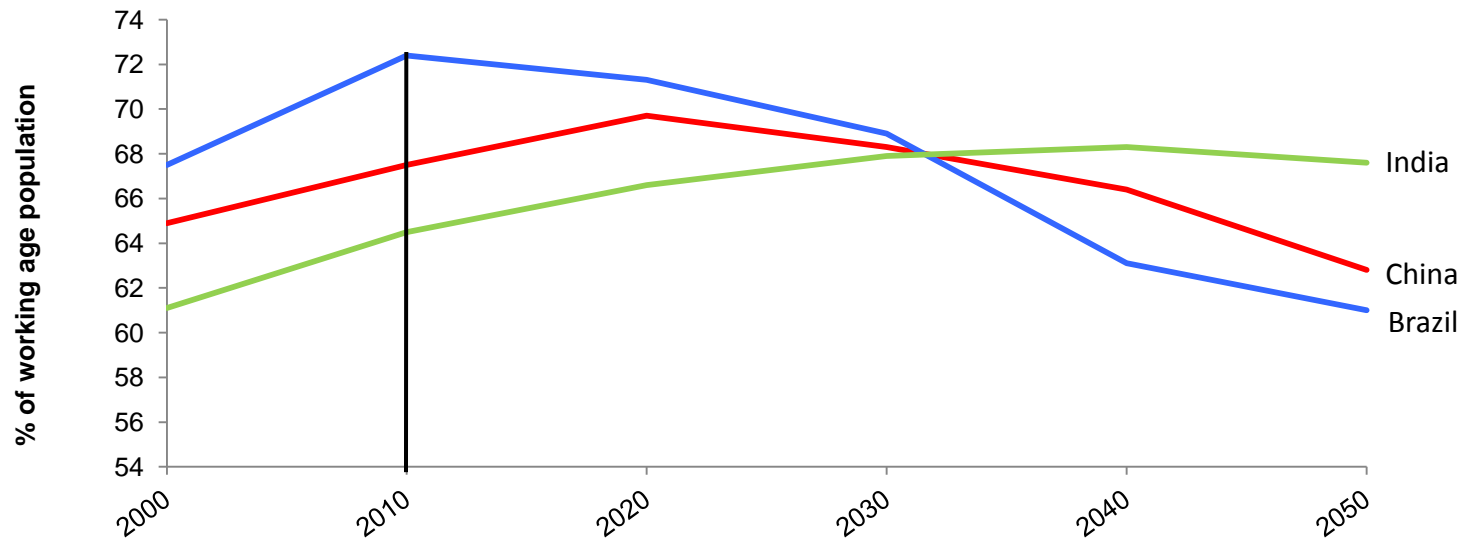
- Pressure of rural-urban migration will increase with
 - increasing role of industry and services sector in growth
 - with more labour absorbing growth resulting from increasing integration with the world economy
- Many cities will experience peripheral expansion, with smaller municipalities and large villages surrounding the core city becoming part of the metropolitan area.

Important Messages from HPEC (Ahluwalia) Report 2011:

The challenge of faster and more inclusive growth

- To sustain growth rates of GDP of 8 to 9 per cent per annum
or
per capita income increases of about 6.5 to 7.5 per cent per annum
- Faster GDP growth has to come from industry and services, since agriculture at best can grow at 4 to 4.5 per cent per annum
- To make growth of industry and services more labour intensive, it is necessary to **modernise labour laws** (to provide greater flexibility in hiring and firing labour), at the same time providing **social protection** to those who do not find productive employment in the organised sector.
- Fortunes of the rural sector are crucially linked to the manner in which growth in the industrial and services sector unfolds

From demographic opportunity to demographic dividend



- Decline in China's working age population from 2010 onwards
- Decline in Brazil's working age population from 2020 onwards
- Increase in India's working age population will continue till 2040 and begin to decline mildly after that

But Demographic Dividend can be reaped only if

- Youth is empowered with skills and higher education for innovation, and
- Employment opportunities expand

Implications for urban development

- Need **more cities** as engines of growth for providing agglomeration economies
- Investment climate is about **ease of living** as much as about ease of doing business

The ground reality

- Cities and towns of India are visibly deficient in the quality of services they provide
- Current state of service delivery is far short of what is needed to realise the economic potential of urban areas

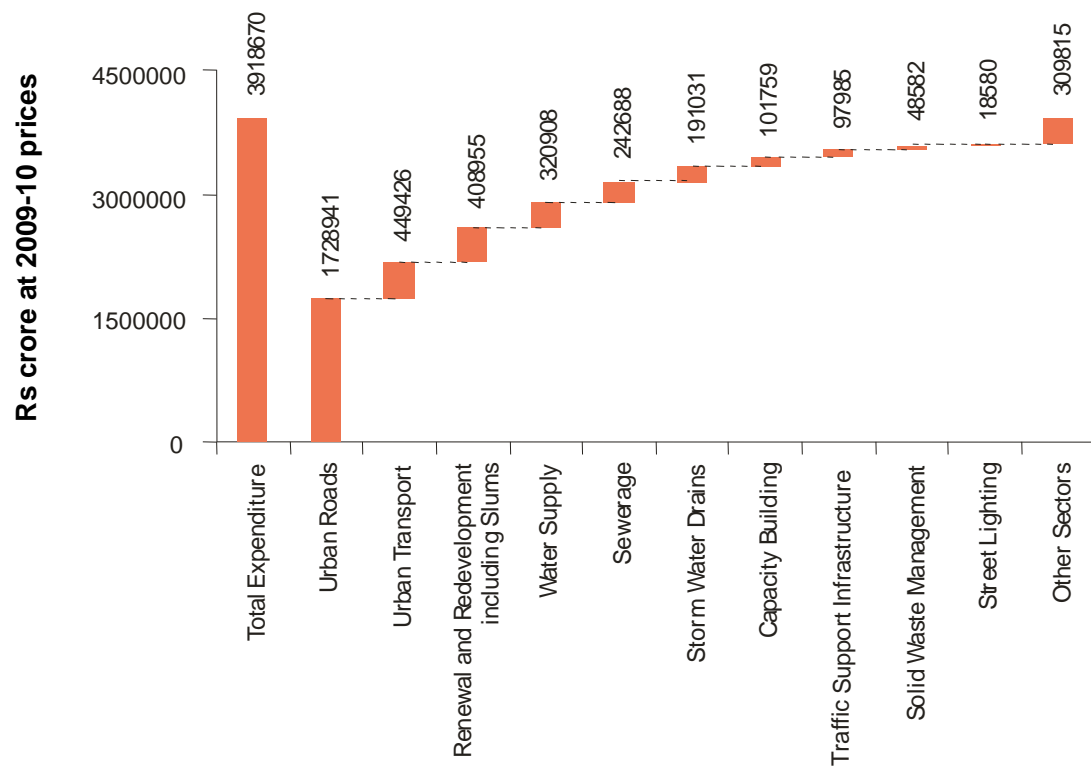
The way forward

- Creating urban infrastructure
- Reforming governance for service delivery
- Providing access to universal service standards for all including the poor
- Consciously building rural-urban synergy
- Recognising importance of urban transport
- Integrating transport and land use planning
- Focussing on metropolitan planning

Service Standards

• Water Supply	: 100 per cent piped water, 24x7 flow, and 135 lpcd consumption per capita
• Sewerage	: Underground sewerage with 100 per cent collection and treatment of waste water
• Solid Waste	: 100 per cent collection, transportation and treatment
• Urban Roads	: Area under roads
	11 per cent area for cities
	7 per cent for towns
	: Road density (km per sq. km.)
	12.25 km per sq. km. for cities
	7 km per sq. km. for towns
• Storm Water Drains	: Network covering 100 per cent road length on both sides of the road
• Urban Transport	: Rail-based and road-based Mass Rapid Transit System for cities with population 1 mn and above, city bus service for smaller cities and towns
• Street Lighting	: Illuminance: 35 Lux for all cities and towns; 40 m spacing for major roads, 45 m for collector roads, and 50 m for access road spaces
• Traffic Support Infrastructure	: Details by city size in the Committee's Report

Urban Infrastructure Investment requirement of Rs 39 lakh crore (including for slum redevelopment and capacity building): 2012- 2031



% Increase	Five-Year Plan
15	XII
12	XIII
8	XIV
8	XV

- This estimate does not allow for inflation after 2009-10, and does not include primary education, primary health, electricity distribution and land cost
- GDP is assumed to increase at 8 per cent per annum for the 20-year period
- O&M is estimated at additional Rs 20 lakh crore for old and new assets together

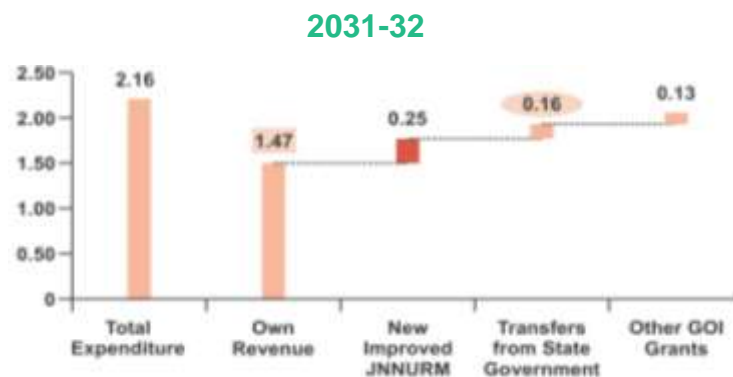
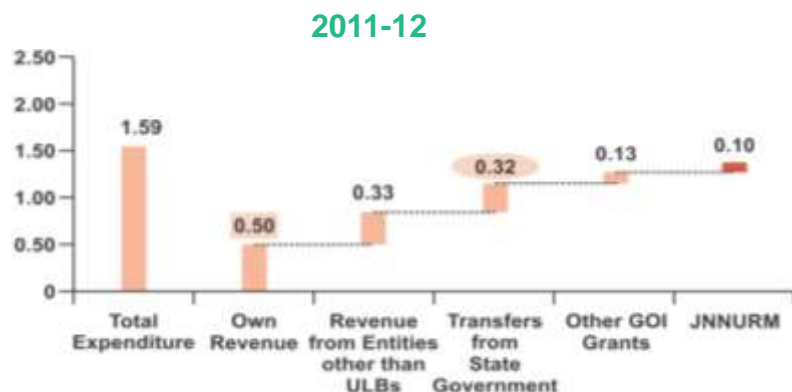
Share of Major Sectors in Total Investment Requirement of Urban Infrastructure

Urban roads (backlog very large)	50 per cent
Water, sewerage, solid waste management, storm water drains, street lighting	24 per cent
Transport and traffic support infrastructure	16 per cent
Other sectors	9 per cent
Total	34 lakh crore

Note: The total estimate (Rs 34 lakh crore) here includes the 8 major sectors for which detailed estimates were prepared, i.e.,

Sectors	Rs lakh crore
Urban roads	17.3
Urban transport	4.5
Water supply	3.2
Sewerage	2.4
Storm water drains	2.0
Traffic infrastructure	1.0
Solid waste management	0.5
Street lighting	0.2

Projections for Financing (per cent of GDP)



Large sums, but financeable if

- Government of India scales up urban development funding to 0.25 per cent of GDP per year for 20 years
- State governments enter into Constitutionally mandated revenue-sharing arrangement with ULBs
- State governments provide enabling environment for ULBs to reform
- ULBs aggressively push reforms to increase own revenues, i.e.,
Access to borrowing and PPP is made possible by working on a Revenue Model which makes ULBs credit-worthy and market-worthy

Governance is Crucial

- Financing is crucially dependent on the reform of institutions and the capacity of those who run the institutions for service delivery and revenue generation.
- Municipal entities need to be empowered to raise 'own' sources of revenue, predictable transfers from state governments, and other transfers from the Gol and state governments, to help them discharge the larger responsibilities assigned to them by the 74th Constitutional Amendment.
- The ULBs themselves need to carry out reforms to strengthen their finances, and improve service delivery
- Building and developing a Municipal cadre is very important

And so is Capacity

- The JNNURM has created dynamism in the Indian urban sector which has long suffered neglect. But progress in implementing reforms under the JNNURM has been slow. The Mission has generally exposed the lack of capacity to prepare and implement projects in urban infrastructure within an integrated framework of a City Development Plan.

A closer look at the 4 states

Gujarat

declared 2005 as 'Urban Development Year' : Town Planning and Urban Development Rules and Regulations amended

- Innovations in Land Assembly
 - Town Planning Schemes (1126)
- Transit-Oriented Planning
 - BRTS in
 - Ahmedabad: 45 km operational; another 40 km under construction
 - Surat: 13 km stretch (total phase I corridor length of 30 km) complete
 - Vadodara: Feasibility study for 52 km stretch underway; proposed mini BRT for narrow roads
 - Rajkot: 10.7 km stretch (total phase I length of 29 km) operational
 - Outer Ring Road of
 - Ahmedabad: 76.3 km ring road (only 19 km acquired under Land Acquisition Act)
 - Surat: 29 km of new roads to be built (total length of 66 km and width of 90 m)

A closer look at the 4 states

Gujarat (*contd.*)

- Sabarmati Riverfront development in Ahmedabad
 - Special Purpose Vehicle for cleaning the river, land assembly through earth-filling and rehabilitating slum dwellers, and beautification of the 20 km riverfront.
 - 85 % of the reclaimed land for parks, walkways etc, and sale of remaining land for commercial use to help finance the project
- Kankaria lakefront development in Ahmedabad
 - Smaller scale pioneering effort at lakefront development
 - Financial sustainability: entry fee, fee on recreational facilities (e.g. boating, toy train)
 - pedestrian walkways and bicycle track around the lake side, recreation facilities, displaying and selling of local crafts, food stalls, green spaces etc.

A closer look at the 4 states

Gujarat (*contd.*)

- Responsible financial planning by Surat: A Depreciation Fund to meet future financial liabilities
- Ahmedabad was the first to issue municipal bonds in India
 - In 1998, taxable bonds worth Rs 100 crore to finance its water supply and sewerage project (total cost of Rs 439 crore) without state government guarantee.
 - In 2002, it was the first ULB to issue tax-free bonds worth Rs 100 crore to finance its water and sewerage project.
- Integrated Solid Waste Management in Rajkot and Vadodara: Public Private Partnership

A closer look at the 4 states...*contd.*

Gujarat (*contd.*)

E-governance initiatives

- State-wide E-Procurement in 2007: Public Private Partnership
- Water audits in Surat reduced losses to 20 %
- Alerts for infant vaccination dates, receipt of payments for utilities, etc. through mobile phones in Rajkot
- Alerts for receipt of payment of property and professions tax, and complaint registration through mobile phones in Surat
- Common accounting software for integrating financial accounts of different departments in a number of cities, e.g, Ahmedabad, Vadodara, Surat and Rajkot
- Some progress in e-governance in Junagadh: E-tendering, online calculation and payment of property tax and online grievance redressal

A closer look at the 4 states...*contd.*

Maharashtra

- Maharashtra Sujal Nirman Abhiyan (MSNA) is an incentive-based reform system which uses GIS mapping, bulk metering, hydraulic modeling, computerized billing and collection, and ring fencing of water supply and sanitation operations for water delivery
- The average cost recovery of water supply and sanitation in Maharashtra is 68% while the national average is only 30-35%. Pune and Mumbai have attained 100% cost recovery
- The current revenue base for Greater Mumbai Municipal Corporation is highly dependent on octroi which comprises 45% of its annual revenues
- In 1999, Nashik Municipal Corporation (NMC) issued its first taxable municipal bonds worth Rs100 crore without state government guarantee to finance phase I of the Storm Water drainage system, 93% of the physical work of the project is completed
- In 2002, Nashik Municipal Corporation (NMC) issued non-taxable bonds worth Rs 50 crore to finance the phase II of the Underground Sewerage Scheme covering an area of 3943 hectares for which 41% of the work has been completed
- In 2005, Nagpur issued non-taxable municipal bonds without state government guarantee worth Rs128 crore to finance the Nagpur water supply and sewerage project

A closer look at the 4 states... *contd.*

Maharashtra (*contd.*)

E-Governance initiatives

- Kalyan-Dombivli Municipal Corporation was the first to launch e-governance in the city in 1999. It was based on back-end integration of all departments and business process re-engineering. These e-Governance initiatives to improve urban service delivery in Kalyan-Dombivli were awarded “A” rating by FITCH
- Under the Kalyan Dombivli Replication Project, e-governance software and best practices have been introduced in 227 urban local bodies in Maharashtra
- E-Governance initiatives of Greater Mumbai Municipal Corporation has connected 34 municipal departments. These initiatives have reduced the delivery time by 25 to 50% for the 215 urban services
- The PCMC e-Tendering application assigns a login ID, password and a digital signature to each registered bidder and the bids are opened by ‘tender opening committees’ in the presence of all bidders and corporation officials to ensure transparency
- All contracts of estimated value above Rs 25 lakh are mandatorily e-tendered in Navi Mumbai Municipal Corporation (NMMC) and Thane Municipal Corporation (TMC)
- Online tendering of municipal contracts in Pune, Pimpri Chinchwad, Thane, Mumbai and Nanded

A closer look at the 4 states...contd.

Chhattisgarh

- Water supply augmentation schemes to increase water supply by
 - 17.0 million litres per day in Raigarh (55% work complete)
 - 21.5 million litres per day in Bilaspur (55% work complete)
 - 3.6 million litres per day in Kondagaon (55% work complete)
- Sewerage project in Bilaspur city (20% work complete): 7 pumping stations, 267 km new pipeline and 2 sewerage plants; project covers 30.4 sq km of the city
- Water supply network augmentation in Raipur: Public Private Partnership (94% work complete)
 - capacity of existing intake well increased from 88 to 160 million litres per day
 - augmentation of existing pipe network of 402 km by additional 252 km

E- governance initiative

- State wide E-Procurement implemented in 2007: Public Private Partnership
- 100 citizen service centres operational in six districts Raipur, Durg/Bhilai, Bilaspur, Rajnandgaon, Ambikapur/Sarguja and Bastar to provide online services for payment of property tax and access records, pay electricity and water bills, and passport application

Thank You