

Urban Infrastructure

9.75 Urban infrastructure consists of drinking water, sanitation, sewage systems, electricity and gas distribution, urban transport, primary health services and environmental regulation. The process of urbanization has gathered considerable momentum in recent times and this has put urban infrastructure and services under severe strain. For example, several cities in India have only two to four hours of water supply during the entire day. Smaller cities, because of inadequate financial resources, have found it particularly difficult to cope with the increasing demands on services.

Financing pattern

9.76 In terms of financing patterns, the foundation of urban infrastructure has to be user charges. It is possible for urban institutions to access funds from the capital markets to finance a large portion of capital expenditure on urban infrastructure, which can be serviced by user charges in the future. While municipal bond issues have indeed taken place, the magnitude of resources raised is as yet insignificant. The user-charge financed approach can facilitate a massive increase in capital expenditure on urban infrastructure without worsening the fiscal problem. In addition, the tariff restructuring or subsidy design allows for more efficient and targeted impact on the poor.

9.77 In 2000-01, the Government inserted a new clause (vii) in Section 10(15) of the Income Tax Act, 1961, exempting interest income from bonds issued by local authorities. Funds raised from Tax Free Municipal Bonds are to be used only for capital investments in urban infrastructure. Ministry of Urban Development is the nodal agency for processing applications for issue of tax free bonds. Recently guidelines for issue of municipal tax-free bonds have been revised in consultation with the Ministry of Finance and circulated to all the State and UT Governments on March 7, 2006.

Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

9.78 Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched to encourage cities to initiate steps to bring about improvement in the existing service levels in

a financially sustainable manner. The objectives of the mission, *inter alia*, include planned development of identified cities including semi-urban areas, outgrowths and urban corridors and improved provision of basic services to the urban poor. It embraces two sub-missions: one on urban infrastructure and governance, and the other on basic services for the urban poor. Cities/Urban Agglomerations/Parastatals will be required to prepare detailed project reports for undertaking projects under identified areas. Funds for the identified cities would be released to the designated State Nodal Agency, which in turn would leverage, to the extent feasible, additional resources from the financial institutions/private sector/capital market. Private sector participation in development, management and financing of urban infrastructure would be clearly delineated.

9.79 The admissible components under the sub-mission on urban infrastructure and governance include urban renewal, water supply (including de-salination plants) and sanitation, sewerage and solid waste management, urban transport, development of heritage areas, preservation of water bodies etc. A provision of Rs.50,000 crore has been agreed to as Central Assistance for JNNURM for a period of 7 years beginning from 2005-06.

9.80 An amount of Rs. 2,500 crore has been provided for in the year 2006-07 for the sub-mission on Urban Infrastructure and Governance. From April 2006 to February 2007 (i.e. as on February 12, 2007), City Development Plans have been submitted in respect of 39 cities of which 33 have appraised. The Memorandum of Agreement in respect of the reforms agenda have been negotiated and signed in respect of 32 cities. 315 DPRs have been submitted under the Mission of which 146 have been approved by the Central Sanctioning and Monitoring Committee of the Ministry of Urban Development. Projects worth Rs. 11,648 crore have been sanctioned and the additional central assistance committed is Rs. 5,583 crore.

Urban transport

9.81 Urban transport is one of the key elements of urban infrastructure. An effective

urban transportation system enhances productivity and growth in the economy. Urban transportation covers two broad modes, viz. private transport and public transport. Public transport is energy-efficient and less polluting. Public transport system also helps to maximize urban–rural linkage and improves access of the rural/semi-urban population in the periphery to the city centres for the movement of labour without proliferation of slums within and around cities.

9.82 The major objective of urban transport initiative is to provide efficient and affordable public transport. A National Urban Transport Policy (NUTP) has been formulated with the objective of ensuring easily accessible, safe, affordable, quick, comfortable, reliable and sustainable mobility for all.

9.83 Revised guidelines for preparation of comprehensive city transport plans and DPRs have been prepared and circulated to all State Governments/UTs for availing of financial assistance to the extent of 40 per cent of cost as Central assistance under the present scheme of Urban Transport Planning. Detailed

guidelines have also been formulated for the guidance of the States and cities and preparation of DPRs for both rail-based and road-based public transport.

9.84 Delhi and Kolkata have introduced Metro Rail system in their cities. Delhi Mass Rapid Transit System (MRTS), a joint venture between the Government of India and the Govt. of National Capital Territory of Delhi, is being implemented by the Delhi Metro Rail Corporation (DMRC). (Box 9.3)

9.85 For better connectivity within the National Capital Region (NCR) a commuter rail system, namely, Integrated Rail cum Bus Transit (IRBT) System, which constitutes Phase-I of the Regional Rapid Transit System (RRTS) for the NCR, is contemplated. The Planning Commission has set up a Task Force under the chairmanship of Secretary (UD) on May 22, 2006. The NCR Planning Board is in the process of awarding a consultancy study on an “Integrated Transportation Plan for National Capital Region”. Based on the said study, the Regional Rapid Transit

Box 9.3 : Delhi Metro Rail System

Delhi Metro Rail System, technically known as Delhi Mass Rapid Transit System (MRTS) and popularly called Delhi Metro, has two phases.

Delhi MRTS Project Phase I, already completed, consists of the following corridors:

Line 1: Shahdara–Rithala;

Line 2: Vishwavidyalaya–Central Secretariat ;

Line 3: Barakhamba Road–Dwarka, and Extension of Line 3 to Dwarka sub-city and Barakhamba Road–Indraprastha.

Delhi MRTS Project Phase II (50.07 kms.), at an estimated cost of Rs.8,118 crore, approved by the Government with necessary sanction for implementation issued on March 30, 2006, consists of the following alignments:

1. Vishwavidyalaya–Jahangir Puri;
2. Central Secretariat–All India Institute of Medical Sciences (AIIMS);
3. AIIMS–Qutab Minar;
4. Shahdara–Dilshad Garden;
5. Indraprastha–New Ashok Nagar;
6. Yamuna Bank–Anand Vihar Inter-State Bus Terminus (ISBT); and
7. Kirti Nagar–Mundka.

As per decision of Group of Ministers (GoM), the proposals in respect of Indian Institute of Technology (IIT)–Qutab Minar portion (2.88 kms.) of the proposed Central Secretariat to Qutab Minar line was reviewed by DMRC and cost-benefit analysis of alternative proposals carried out in the context of its impact on the Qutab Minar. The revised alignment from Green Park to Ambedkar Colony via Hauz Khas, Sarvapriya Vihar, Malviya Nagar and Saket has been approved by the GoM on October 17, 2006.

Extension of Delhi Metro Phase-II to Gurgaon and NOIDA has been approved by the Government subject to certain conditions.

System (RRTS) Project is likely to be taken up during the Eleventh Plan.

9.86 The Bangalore Mass Rapid Transit System (MRTS) contemplates construction of metro corridors along East-West (18.1 km.) and North-South (14.9 km.) in Bangalore. The Government of Karnataka has got financial appraisal of the project conducted recently. The estimated completion cost of the project is Rs.5,605 crore. Bangalore Metro Rail Corporation (BMRC), a joint venture company, is executing the project, which is scheduled to be completed by 2011. The first section of 7 kms will be completed in 2009.

9.87 The Government of Maharashtra has proposed a MRTS for Versova-Andheri-Ghatkopar on the basis of Mumbai Metro Master Plan. The project — Mumbai Metro Rail Project — consists of two corridors. First corridor is of a total length of 11.07 kms. — Versova-Andheri-Ghatkopar. Completion cost

is estimated at Rs. 2,356 crore and it is proposed to be funded through Viability Gap Funding (VGF). The second corridor is Colaba-Bandra-Charkop line of 38.23 kms length. Estimated cost is Rs. 8,825 crore (at June 2005 prices). While giving in-principle approval for the project, the Government of Maharashtra has been asked to exhaust the VGF route first.

9.88 To provide better public transport and ease congestion, proposals for Bus Rapid Transit System (BRTS) have been approved for Ahmedabad, Bhopal, Indore and Pune under JNNURM. These approved BRTSs covering a total length of more than 156 kms., have total estimated cost of Rs.1,408 crore, of which Central assistance is around Rs.670 crore. Considering the low cost, ease of implementation, wide area coverage and overall sustainability, a lot of cities are coming up with BRTS proposals to be funded under JNNURM.