

**MODIFIED GUIDELINES
FOR
SUB-MISSION ON BASIC SERVICES TO
THE URBAN POOR (BSUP)**

**Jawaharlal Nehru National Urban Renewal Mission
(JNNURM)**

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**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN POVERTY
ALLEVIATION
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MODIFIED GUIDELINES FOR PROJECTS OF JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM) ON BASIC SERVICES TO THE URBAN POOR (BSUP)

1. Need for Sub-Mission on Basic Services to the Urban Poor (BSUP) under Jawaharlal 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 Government 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, Uttarakhand 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.

	Category	Number
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

<i>Minister for Urban Development</i>	—	<i>Chairman</i>
Minister for 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).

12. 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.

13. 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.

14. Sanction of projects under the Mission

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

- | | |
|--|-------------------|
| 1. Secretary, Ministry of Housing and Urban Poverty Alleviation | – Chairman |
| 2. Secretary, Ministry of Urban Development | – Member |
| 3. Secretary, Ministry of Finance(Deptt.of Expenditure) | – Member |
| 4. Principal Adviser (HUD), Planning Commission | – Member |
| 5. Secretary, Ministry of Environment and Forests | – Member |
| 6. Secretary, Ministry of Social Justice and Empowerment | – Member |
| 7. Secretary, Ministry of Health and Family Welfare | – Member |
| 8. Secretary, Department of School Education & Literacy, Ministry of HRD | – Member |
| 9. Joint Secretary and Financial Adviser, Ministry of UD/HUPA | – Member |
| 10. Chief Planner, Town and Country Planning Organization | – Member |
| 11. Adviser, CPHEEO, Ministry of Urban Development | – Member |
| 12. CMD, Housing and Urban Development Corporation Ltd | – Member |
| 13. Joint Secretary (JNNURM)/Mission Director
Ministry of Housing and Urban Poverty Alleviation | –Member-Secretary |

14.2. Central Sanctioning and Monitoring Committee as mentioned above is authorized to appraise and sanction projects costing upto Rs.500 crore under the Sub-Mission for Basic Services to the Urban Poor without further reference to the Expenditure Finance Committee (EFC)/Cabinet Committee on Economic Affairs (CCEA). However, projects costing above Rs.100 crore

will require approval of Minister of State (Independent Charge) for Housing and Urban Poverty Alleviation and Finance Minister, in each case. All projects costing above Rs.500 crore will be approved by the 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.

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

14.4. 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.

15. 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.

16. State Level Steering Committee

In order to decide projects and their priorities for inclusion in JNNURM, there would be a State Level Steering Committee with following composition :

- | | | |
|-----|--|-----------------|
| i. | Chief Minister of the State/
Minister for Urban Development/
Minister for Housing of the State | — Chairman |
| ii. | Minister, Urban Development/ | — Vice-Chairman |

Minister for Housing of the State

- 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
- vii. Secretary (Municipal Administration/Affairs)— Member
- viii. Secretary (Housing) of the State Govt. — Member
- ix. Secretary (UD)/LSG/Municipal Affairs — Member-Secretary

17. 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.

18. Revolving Fund

Under Sub-Mission on Basic Services to the Urban Poor (BSUP), wherever State Level Nodal Agency releases Central and 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.

19. Financing Pattern

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

Category of cities	Grant	State/ULB/Parastatal share, including Beneficiary contribution
	Central Share	
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 and Jammu and Kashmir	90%	10%
Other Cities	80%	20%

Note: The percentage is on the total project cost.

19.2. 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.

19.3. In order to prepare City Development Plan (CDP), Detailed Project Reports (DPRs), training & capacity building, community participation, information, education and communication (IEC), a provision of 5% of the Central grant or the actual requirement, whichever is less, may be kept for sanction to cities/towns covered under the Mission.

19.4. In addition, not more than 5% of the Central grant or the actual requirement, whichever is less, may be used for Administrative and Other Expenses (A&OE) by the Centre and the States. However, the Centre's share shall not exceed 1% of the Central grant.

20. Mobilization of State share

20.1. 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.

20.2. 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.

21. 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%.

22. Release of Funds

22.1. Funds would be released, as far as possible in four instalments, 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.

22.2. In respect of the implementation of BSUP the reforms critical to slum improvement are:

- i) Internal earmarking within Urban Local Body budgets for basic services to the urban poor – eventually developing a Basic Services to the Urban Poor Fund so that adequate resources are available for meeting the needs of the urban poor;
- ii) Provision of basic services to the 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 in a time-bound manner; and
- iii) 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 so that land is available for affordable housing for the urban poor.

22.3. Accordingly, release of Central assistance to States/Union Territories under the Sub-Mission on Basic Services to the Urban Poor (BSUP) is linked to the progress of implementation of 3 pro-poor reforms under JNNURM that are critical to slum improvement.

23. Outcomes of Jawaharlal 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.

24. 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 11th 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.

ANNEXURE-A

**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)
a)	Mega Cities/UAs		
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)	Million-plus Cities/UAs		
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

c)	Identified cities/UAs with less than one million population		
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	Uttarakhand	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	Uttarakhand	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	Uttarakhand	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.
