

Jawaharlal Nehru National Urban Renewal Mission

Toolkit

Jvnnurm

Ministry of Urban Employment and
Poverty Alleviation



Government of India

Ministry of Urban Development

Preface

Cities and towns have a vital role in India's socio-economic transformation and change. Apart from their contribution to the country's gross domestic product (GDP) which is currently placed at about 50-55 per cent, and their growing role in the global markets, cities in India are the centre-point of innovations and hub of many activities. At the same time, most cities and towns are severely stressed in terms of infrastructure and service availability. In 2001, 50.3 per cent of urban households had no piped water within premises, and 44 per cent of them were devoid of sanitation facilities. Even with a relatively high economic growth registered during the 1990s, 23.6 per cent of the country's urban population continued to be below the poverty line. According to the Census of India 2001, 14.12 per cent of urban population lives in slums, with a significant proportion of it without access to even the most basic services. The inner areas of cities face widespread dereliction, decadence, and neglect, with significant negative economic consequences.

Municipal governments and other institutions responsible for service provision are facing acute shortage of capacity and resources, notwithstanding the Constitution (seventy-fourth) Amendment Act, 1992 on Municipalities. Most municipalities are starved of resources on account of their inability to effectively use their revenue raising powers, in particular, relating to property. The inter-governmental fiscal relations have changed, but at best, marginally, to make any noticeable impact on their finances. The existing municipal accounting systems do not permit accurate assessment of the financial position of municipalities, nor is it possible to ascertain from them the levels of spending on different services and recoveries therefrom. Continuation of many laws and systems which came into being in different context such as the Urban Land (Ceiling and Regulation) Act, 1976 have caused avoidable but serious distortions in the land and housing markets.

Considering that this state of cities is incompatible with the country's socio-economic objectives and India's growing role in the world economy, the Government of India has decided to launch, in the current fiscal year, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Aimed at creating economically productive, efficient, equitable and responsive cities, the Urban Renewal Mission focuses on (i) improving and augmenting the economic and social infrastructure of cities; (ii) ensuring basic services to the urban poor including security of tenure at affordable prices; (iii) initiating wide-ranging urban sector reforms whose primary aim is to eliminate legal, institutional and financial constraints that have impeded investment in urban infrastructure and services; and (iv) strengthening municipal governments and their functioning in accordance with the provisions of the Constitution (seventy-fourth) Amendment Act, 1992. It provides for public disclosure of local spending decisions together with earmarking of budgetary allocations for basic services to the poor. The Mission rests on the postulate that in order to make cities work and meaningfully contribute to India's economic growth and poverty reduction objectives, it is essential to create incentives and support for urban reforms both at the state and city levels; develop appropriate enabling frameworks; enhance the creditworthiness of municipal governments; and integrate the poor with service delivery systems.

The Jawaharlal Nehru National Urban Renewal Mission is designed to make fuller use of the energy and potential of the private sector in service delivery and management and in implementing the reform agenda, and it accordingly provides for the participation of business, industry, civic groups and communities in local decision-making. With a budgetary provision of Rs. 50,000 crore for a period of seven years, the Mission will initially cover about 60 cities, and provide grant assistance to them for specified activities.

In order to apply for grant assistance under JNNURM, the Government of India requires eligible cities to -

- (i) formulate a medium-term City Development Plan (CDP);
- (ii) prepare project proposals; and
- (iii) draw up a timeline for implementing the urban sector reforms.

Subject to the fulfilment of the above-stated requirements and their satisfactory appraisal, the Government of India, Ministry of Urban Development/Ministry of Urban Employment and Poverty Alleviation will sign a Memorandum of Agreement (MoA) with the state government and the applicant city, and release funds in accordance with the payment schedule that will form a part of the Memorandum of Agreement (MoA).

In order to assist cities, the Government of India (Ministry of Urban Development and Ministry of Urban Employment and Poverty Alleviation) has developed Toolkits that outline the JNNURM framework and process, and detailed methodology for the preparation of (i) City Development Plans (CDPs); and (ii) Project Proposals; and (iii) Timeline for the Implementation of Urban Reform Agenda. In addition, Toolkits separately provide details of the criteria that are proposed to be used for appraising project proposals and the timeline for urban reform agenda.

We invite the state governments and eligible cities to actively join the Jawaharlal Nehru National Urban Renewal Mission.

Chitra Chopra
Secretary
Ministry of Urban Employment
and Poverty Alleviation

Anil Baijal
Secretary
Ministry of Urban Development

November, 2005

Contents

Preface

Overview

Framework and Process

Formulation of a City Development Plan

Guidelines for Project Preparation

Guidelines for Project Appraisal

Timeline for Implementing the Urban Reform Agenda

Jawaharlal Nehru National Urban Renewal Mission

Framework and Process

1

JvnuRm

Ministry of Urban Employment and
Poverty Alleviation



Government of India

Ministry of Urban Development

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION

Framework and Process

Contents

I.	THE JNNURM FRAMEWORK	3
1.	Framework for the JNNURM Scheme	3
2.	Institutional Arrangement for Policy Oversight	3
3.	Institutional Arrangements for Mission Operationalisation	4
4.	Institutional Arrangement for Advisory Support	6
II.	THE JNNURM PROCESS	8
1.	Process Flow	8
2.	Sanction and Disbursement of Assistance	8
3.	Revolving Fund	10
4.	Monitoring Framework	10
III.	SUBMISSION OF APPLICATIONS FOR FUNDING	13
	Application Form: City Development Plan (CDP), Detailed Project Report (DPR)	14
	Application Form: Investment Support Component	17
IV.	PROCESSING FUNDING REQUESTS	19
V.	List of Figures	
	Figure 1: Project Proposal and Policy Directive Flow	11
	Figure 2: Process of Sanction and Disbursements	12

I. The JNNURM Framework

I. Framework for the JNNURM Scheme

(1) The institutional framework for the JNNURM shall address the following:

- (a) Policy Oversight
- (b) Appraisal and Sanction of Proposals
- (c) Operational Oversight and Monitoring
- (d) Advisory Support

The framework has been evolved to provide incentives for reforms in urban development and thereby facilitate sustainable investments in urban infrastructure.

2. Institutional Arrangement for Policy Oversight

(1) **National Steering Group (NSG):** At the national level, the JNNURM shall be steered by the NSG.

The NSG shall be chaired by the Minister of Urban Development (MOUD) and co-chaired by Minister of State (Independent charge) Urban Employment and Poverty Alleviation (MoUEPA). The NSG shall comprise the following members:

Minister of Urban Development	Chairperson
Minister of State (Independent Charge) for Urban Employment & Poverty Alleviation	Co-chairperson
Secretary, Urban Employment & Poverty Alleviation	Member
Secretary, Planning Commission	Member
Secretary, Expenditure	Member
National Technical Advisor	Member
Secretary, Urban Development	Member-Convener

The NSG, a coordinating arm of the Government of India, shall provide policy oversight and evolve policies to facilitate the achievement of JNNURM objectives. The NSG shall review the agenda of reforms and may add additional reforms to the identified reforms.

The NSG shall review the progress of the Mission. Besides, the NSG shall monitor the progress status of urban development and associated reforms in eligible cities.

Under the Sub-Mission on Basic Services for Urban Poor, there will be a high level committee chaired by Minister for Urban Employment & Poverty Alleviation with Joint Secretary (UEPA) as Member-Convener.

3. Institutional Arrangements for Mission Operationalisation

- (1) **Sub-Mission Directorates (SMD):** At the national level, the Mission shall be operationalised through two Sub-Mission Directorates one under the charge of Joint Secretary in Ministry of Urban Development (MoUD) and other under Ministry of Urban Employment and Poverty Alleviation (MoUEPA) for ensuring effective co-ordination with State Governments and other agencies for expeditious processing of the project proposals. The Joint Secretary in-charge of each Mission Directorate would be designated as Mission Director. National Technical Advisor will be a member of both the Directorates.

The two Sub-Mission Directorates established are:

- (a) **Sub-Mission Directorate for Urban Infrastructure and Governance**

The Sub-Mission of Urban Development and Governance has the charter of achieving development of urban infrastructure with a focus across sectors in the urban context. The focus sectors and projects identified to be taken up under the Sub-Mission are enumerated in the document titled, “Overview of the JNNURM Scheme”.

- (b) **Sub-Mission Directorate for Basic Services to the Urban Poor**

The Sub-Mission for Basic Services to the Urban Poor shall focus on access to infrastructure for the urban poor. This Sub-Mission shall have a seven-point charter: security of tenure, housing, water supply, sanitation, education, health and social security cover.

- (2) **Central Sanctioning and Monitoring Committee:** There will be two Central Sanctioning and Monitoring Committees headed by respective Secretaries, for Urban Infrastructure and Governance, and Basic Services to the Urban Poor. The CSMCs shall be entrusted with sanction and monitoring of the projects and associated reforms.

- (a) **CSMC for Urban Infrastructure and Governance**

The CSMC for Urban Infrastructure and Governance shall comprise the following members:

◆ Secretary, Urban Development	Chairperson
◆ Secretary, Urban Employment and Poverty Alleviation	Member
◆ Principal Advisor, (HUD) Planning Commission	Member
◆ Joint Secretary & Financial Advisor	Member
◆ Chief Planner, Town and Country Planning Organisation (TCPO)	Member
◆ Advisor, Central Public Health & Environmental Engineering Organisation (CPHEEO)	Member

- ◆ Chairman & Managing Director, Housing and Urban Development Corporation (HUDCO) Member
- ◆ Joint Secretary (Urban Development) Member Secretary

(b) **CSMC for Basic Services to the Urban Poor**

The CSMC for Basic Services to the Urban Poor shall comprise the following members:

- ◆ Secretary, Urban Employment & Poverty Alleviation Chairperson
- ◆ Secretary, Urban Development Member
- ◆ Principal Advisor, (HUD) Planning Commission Member
- ◆ Joint Secretary & Financial Advisor Member
- ◆ Chief Planner, Town and Country Planning Organisation (TCPO) Member
- ◆ Advisor, Central Public Health & Environmental Engineering Organisation (CPHEEO) Member
- ◆ Chairman & Managing Director, Housing and Urban Development Corporation (HUDCO) Member
- ◆ Joint Secretary, Urban Employment and Poverty Alleviation Member Secretary

(c) The Chairpersons may co-opt any member/ expert as and when it is considered necessary.

(d) The CSMC(s) may meet as often as required for review and sanction of project(s). The CSMC shall undertake monitoring of the projects sanctioned and the associated reforms.

- (2) **State-Level Steering Committee (SLSC):** In order to identify, decide and prioritise the projects for inclusion in JNNURM, an apex body in each State, namely the SLSC shall be constituted. The SLSC shall screen and prioritise the identified projects. The identified projects shall be recommended to the respective CSMCs for sanction. Besides recommending projects for sanction, the SLSC shall monitor the implementation of the projects and review the progress of urban reforms in the State. In pursuing these tasks, the SLSC shall be assisted by the State Level Nodal Agency (SLNA), to be appointed for the said purpose.

The SLSC shall comprise the following members:

- | | |
|---|------------------|
| Chief Minister/Minister of Urban Development/
Minister of Housing of the State | Chairperson |
| Minister of Urban Development/Housing of the State | Vice-Chairperson |
| Concerned Mayors/Chairpersons of ULBs | Member |
| Concerned MPs/MLAs | Member |
| Secretary, (PHE) of the State government | Member |
| Secretary, (MA) of the State government | Member |

Secretary, (Finance) of the State government	Member
Secretary, (Housing) of the State government	Member
Secretary, (Urban Development) of the State government	Member- Secretary

(3) **State Level Nodal Agency (SLNA):** The scheme would be implemented by a SLNA designated by the respective State governments. The SLNA would, *inter alia*, perform the following functions:

1. Assisting ULBs/Parastatal agencies in the preparation of CDPs and DPRs and in training and capacity building, and in Information, Education and Communication (IEC)
2. Appraising projects submitted by ULBs/ Parastatal agencies.
3. Obtaining sanction of State Level Sanctioning Committee for seeking assistance from the Central Government under NURM
4. Managing grants received from the Central and State governments.
5. Releasing funds to ULBs and Parastatal agencies either as grant, or soft loan or grant cum loan.
6. Managing Revolving Funds.
7. Monitoring of physical and financial progress of sanctioned projects and ensuring receipt of utilisation and completion certificates.
8. Monitoring the implementation of reforms as committed in the MoA.
9. Submitting quarterly reports to MoUD/ MoUEPA.
10. Submitting project completion reports through the State Government

4. Institutional Arrangement for Advisory Support

(1) For successful deployment of assistance targeted through JNNURM, advisory support is envisaged. Advisory assistance is expected for the following:

Macro Level (to NSG and SMDs):

- (a) Policy, legal and financial structuring of assistance to NSG.
- (b) Implementation and management of urban sector reforms.

Micro Level (to CSMC, SLSC, SLNA and ULB):

- (a) Support for appraisal.
- (b) Planning for undertaking reforms.
- (c) Preparation of detailed project report.
- (d) Guidance to SLNAs and ULBs for managing the process of seeking assistance.

Window of Central assistance (5% of Central grant) available under JNNURM for capacity building could be utilised for the above-mentioned services.

- (2) **Technical Advisory Group:** The TAG comprising professionals across the legal, environment, social and urban infrastructure sectors would assist the CSMCs, SLSC, SLNA and ULBs. The TAG shall provide advisory support as outlined above at the macro and micro level for obtaining financial assistance within the provisions of JNNURM as detailed in Section II 2. (2) C.

The TAG shall be headed by a Technical Advisor drawn from the civil society with proven experience in mobilising collective action for reforms in urban governance.

The TAG shall enable the mission to create similar voluntary Technical Corps in each identified city. It would encourage private sector participation, citizen's involvement in urban governance at the grass-root level and transparency in municipal governance.

II. The JNNURM Process

I. Process Flow

This section provides an overview of the process for accessing funds under the JNNURM. It reflects on the path that a project proposal originated by the ULB shall take for its sanction by the CSMC. The flow chart also reflects on the JNNURM policy directives that shall flow from the NSG across the institutional framework. The process flow for the same is presented in Figure 1: Project Proposal and Policy Directive Flow.

The Government of India believes that the process of formulating the policy framework for JNNURM would continuously evolve depending upon the feedback from the institutional entities established for JNNURM. Figure 1 also presents the policy directive flow.

2 Sanction and Disbursement of Assistance

(1) **Funding Pattern:** Eligible cities proposing projects for investment support shall be eligible for Central assistance not exceeding the following:

a. **Projects under appraisal by Sub-Mission Directorate for Urban Infrastructure and Governance**

Category	Population (2001 census)	No. of Cities	Funding Pattern ¹ (%)		
			Grant		ULB/parastatal share/loans from banks/FI
			Central Govt.	State Govt.	
A	> 4 million	7	35*	15	50
B	1-4 million	28	50	20	30
C	Selected cities / UAs < 1 million	28			
	For NE states & J&K		90	10	0
	Others		80	10	10
	Desalination plants within 20 km of sea shore and other urban areas predominantly facing water scarcity due to brackish water and non-availability of surface source		80	10	10

* Note: In the case of urban transport projects, the standard pattern of assistance of 35 per cent will not apply. The Cabinet Committee on Economic Affairs (CCEA), while considering any such project proposal, may decide the level of equity and/or loan to be provided by the central government.

¹ This funding pattern is proposed for public financed projects. In case of projects incorporating public-private partnerships, the Central government's share shall not exceed the amounts prescribed.

b. Projects under appraisal by the Sub-Mission Directorate for Basic Services to the Urban Poor

Category	Population (2001 census)	No. of Cities	Funding Pattern ² (%)	
			Grant	State/ULB/Parastatal share, including Beneficiary contribution
			Central Govt.	
A	> 4 million	7	50	50
B	1-4 million	28	50	50
C	(For cities in NE states & J & K	28	90	10
	Other selected cities/ UAs < 1 million		80	20

** Housing should not be provided free to the beneficiaries by the State Government. A minimum of 12% beneficiary contribution with bank loan should be stipulated (10 per cent in case of SC/ST/BC/OBC/PH and other weaker sections).*

Notes for Tables a & b:

- i. Percentage is with respect to the total project cost. .
- ii. In case any JNNURM project is also approved as externally aided project (EAP), the EAP funds can be passed through as Accelerated Central Assistance to the State Government as funds contributed by States, ULBs, FIs and JNNURM funds can be used as GoI contribution.
- iii. If necessary, internal resources of implementing agencies, MP or MLA Local Area Development (LAD) Funds and MLA LAD funds may be substituted for institutional finance or State share.

- c. In order to enable cities to prepare a City Development Plan (CDP), Detailed Project Reports (DPRs), training and capacity building, community participation, information, education and communication, a provision of 5 percent of the Central grant or actual requirement, whichever is less, is available for cities covered under the Mission.
 - d. In addition, not more than 5 percent of the Central grant or the actual requirement, whichever is less may be used for Administrative and Other Expenses (A&OE) by the States
- (3) **Sanction and Disbursement of Funds:** The MoUD and MoUEPA shall be the repository of funds targeted for the JNNURM scheme. On approval and sanction of assistance by the CSMC, funds shall be released by the MoUD and MoUEPA.

The funds would be released as far as possible in four instalments by the MoUD and MoUEPA as Additional Central Assistance (100 per cent grant in respect of Central share) to the State Government or its designated State-level agencies.

The first instalment of 25 per cent will be released upon signing of a Memorandum of Agreement (MoA) by the State Government, ULB or parastatal agency. The balance amount of assistance shall be released as far as possible in three installments upon receipt of Utilisation

² This funding pattern is proposed for public financed projects. In case of projects incorporating public-private partnerships, the Central government's share shall not exceed the amounts prescribed.

Certificates to the extent of 70% of the Central fund and also that of the State/ULB/parastatal agency share and subject to achievement of milestones agreed for implementation of mandatory and optional reforms at the State and ULB/Parastatal agency level as envisaged in the MoA.

The process for sanction and disbursement of funds is presented in Figure 2: Process of Sanction and Disbursements.

3. Revolving Fund

- (1) **Sub-Mission for Urban Infrastructure and Governance:** wherever SLNA releases Central and State funds to the implementing agencies as soft loan or grant-cum-loan, it would ensure that at least 25 per cent of the funds released are recovered and ploughed into a Revolving Fund, maintained by the nodal agency. This fund will be utilized to leverage market funds for financing of further investment in infrastructure projects. At the end of the Mission period, the Revolving Fund may be upgraded to a State level Urban Infrastructure Fund.
- (2) **Sub-Mission for Basic Services to the Urban Poor:** wherever SLNA releases Central and State funds to the implementing agencies as soft loan or grant-cum-loan, it would ensure that at least 10 per cent of the funds released are recovered and ploughed into a Revolving Fund. This fund will be utilized to meet the O&M expenses of the assets created under the Sub-Mission. At the end of the Mission period, the Revolving Fund may be upgraded to a State level Basic Services to the Urban Poor Fund.

4. Monitoring Framework

- (1) The MoUD/MoUEPA would periodically monitor the schemes through designated representatives.
- (2) SLNA would send quarterly progress report to the MoUD/MoUEPA
- (3) Upon completion of the Project the SLNA through the State Government shall submit a completion report of activities undertaken as a part of JNNURM
- (4) The CSMC may meet as often as required to sanction, review and monitor the progress of projects sanctioned under the Mission
- (5) Monitoring of progress and implementation of reforms would be outsourced to specialized/ technical agencies.

Figure 1: Project Proposal and Policy Directive Flow

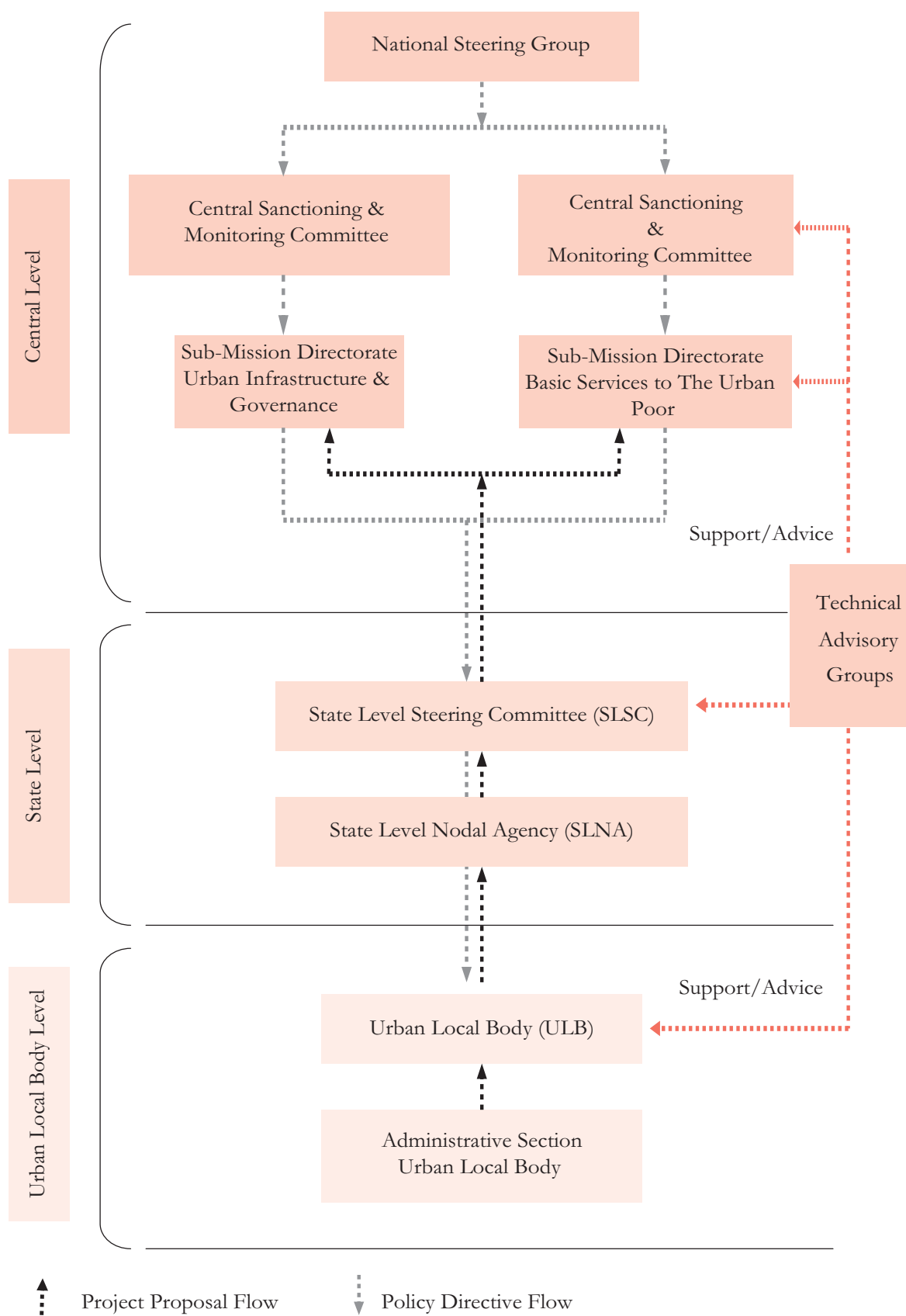
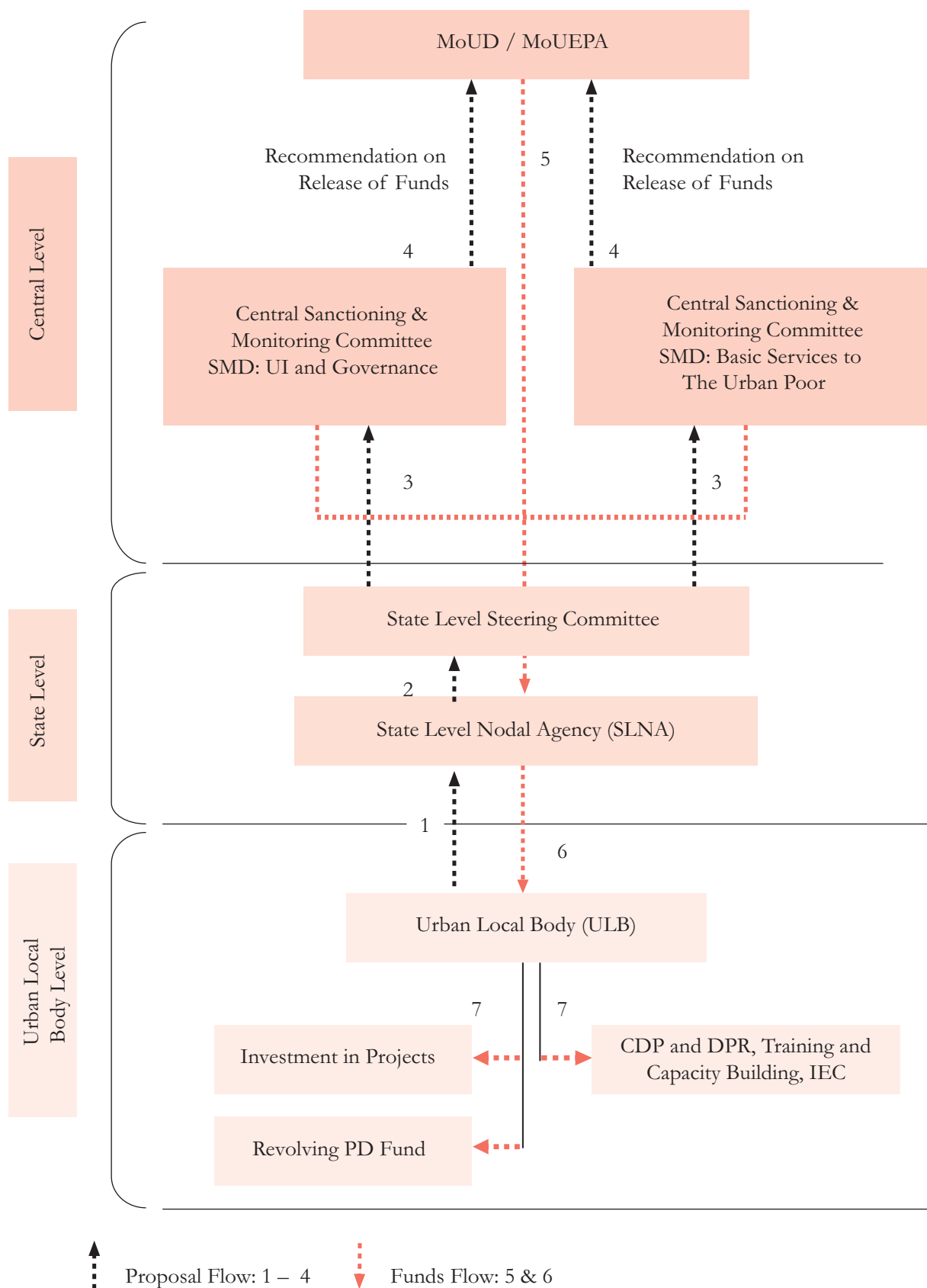


Figure 2: Process Sanction and Disbursements



III. Submission of Applications for Funding

- (1) In accordance with the process envisaged, the ULB/parastatal agency may seek assistance from the JNNURM for the following:
 - (a) To prepare a City Development Plan (CDP), Detailed Project Report (DPR)
 - (b) Training and Capacity Building, community participation, information, education and communication,
 - (c) Investment Support Component: Grant for project implementationApplicants should refer to the Toolkit “Overview of the JNNURM Scheme” for details.
- (2) Applicants seeking JNNURM assistance are required to submit their request in the specified formats. Application forms for accessing assistance under JNNURM are provided in the section below. These are required to be submitted separately for accessing assistance for (a) & (b) above and (c) above respectively.
- (3) Complete application forms along with supporting documentation (original + ten copies) should be submitted to the MoUD/MoUEPA at the following address.

Mission Director

Ministry of Urban Development/ Ministry of
Urban Employment and Poverty Alleviation
Government of India
Nirman Bhawan
New Delhi – 110 001

For details regarding supporting documents, applicants should refer to application forms and Toolkit 4: Guidelines for Project Appraisal.

Application Form: City Development Plan (CDP), Detailed Project Report (DPR)³

[Please strike out whichever is not applicable]

Form for preparation of CDP	Yes/No
Form for preparation of DPR	Yes/No

1 Name of city		
2 Type of city government	Municipality	Corporation
3. Whether Elected Council is in place	Yes / No	
4. Date of election of the council		
5. Basic statistics of the city/town		
i) Population (2001 census)		
ii) Area		
iii) Year of establishment of ULB		
iv) No. of slums and slum population		
6. Financial data for last three years ⁴	Budget provision	Actual expenditure
i) Revenue receipts (Rs. Crore)		
ii) Property tax (as % of revenue receipts)		
iii) Revenue expenditure (Rs. Crore)		
iv) Establishment expenditure (as % of revenue expenditure)		
v) O&M expenditure (as % of revenue expenditure)		
v) Capital income (Rs. Crore)		
vi) Capital expenditure (Rs. Crore)		
vii) Annual debt servicing including contributions to sinking fund (Rs. Crore)		

³ Please provide all supporting documents with the application form.

⁴ Please provide the detailed income and expenditure statements for previous three years.

7. Total loans taken by ULB so far source-wise (Rs. Crore)					
Source	Year of lending	Total loan taken	Outstanding amount	Purpose	Annual Rate of interest
8. i) Loan repayment details for the previous two years (Rs. Crore)					
Lender	Due date		Actual payment due	Amount paid	
ii) Details of other outstanding liabilities					
9. Annual accounts status					
i) Up to which year annual accounts are prepared					
ii) Up to which year annual accounts are audited					
iii) System of accounting			Single/Double entry		
10. Ongoing urban development programmes					
Scheme	Programme	Funds release	Expenditure incurred	Unspent funds	
i) GoI Supported					
ii) State Government					
iii) Urban Local Body					
iv) Any other					
Grand Total					
11. Service status					
i) No. of water tap connections					
ii) Duration of supply					
iii) No. of sewerage connections					
iv) No. of street lights					

v) No. of parks	
vi) No. of playgrounds	
vii) No. of hospitals	
viii) No. of commercial complexes owned by ULB	
12. Enclosures for CDP application	Attachments as may be necessary with the application form
13. Enclosures for DPR application	1. CDP
	2. Timelines with copy of MoA
	3. Milestones achieved as per MoA

Application Form: Investment Support Component

Nature of assistance													
Project name													
Sector													
State													
Project sponsor (If SPV)													
Implementing agency (ULB)													
Compliance to Reforms	<p>1. Steps taken by project Sponsor to comply to JNNURM</p> <ul style="list-style-type: none"> MoA signed Commitment to reforms (Provide list of reforms ULB proposes to undertake) (Provide list of reforms state proposes to undertake) Progress on committed reforms <p>2. Any other reform programme outside JNNURM (Provide details)</p>												
Project structure (EPC/variant of PPP)													
Stakeholders involved	Participating ULBs/ state govt. /GoI / DFIs												
Project description													
Project implementation Milestones	List key Milestones												
Project status	Provide list of approvals / clearances												
Likely impact(s) of the project													
Project financial structure	<p>A) Details of project costs</p> <table> <thead> <tr> <th>Item</th> <th>Rs. crore</th> </tr> </thead> <tbody> <tr> <td>Land *</td> <td></td> </tr> <tr> <td>Building</td> <td></td> </tr> <tr> <td>Equipments</td> <td></td> </tr> <tr> <td>Any other</td> <td></td> </tr> <tr> <td>Total project cost</td> <td></td> </tr> </tbody> </table> <p><i>*Specify whether Govt. or Pvt.</i></p>	Item	Rs. crore	Land *		Building		Equipments		Any other		Total project cost	
Item	Rs. crore												
Land *													
Building													
Equipments													
Any other													
Total project cost													

B) Proposed means of financing			
Source	Rs. crore		
Total			
Project IRR ⁵			
Provision of revolving fund account ⁶	(Yes/No) Please tick as appropriate		
Steps for sustainability			
Steps to financial closure	(Please indicate in brief along with commitment letters from state government/financial institutions /others on the balance funding required to undertake the project).		
Eligibility for disbursement	SPV led Project		
	Terms	Eligibility Criteria ⁷	Project Parameters
	Project size		
	Financial IRR		
	Economic IRR		
	JNNURM exposure		
	Environmental & social		
	Debt service reserve		
	Maintenance reserve (if required)		
	ULB led Project		
	Terms	Parameter	
Operating ratio	(at least 1.00)		
Debt service coverage ratio	(at least 1.25)		
Revolving fund			
Enclosures :			

⁵ Please mention the relevant section that outlines the financial viability (along with basic spreadsheet) in the DPR.

⁶ Please mention the relevant section that outlines the provision for revolving fund (along with resolution of ULB) for the said purpose.

⁷ Applicant should refer to Toolkit 4 for benchmark eligibility criteria.

IV. Processing Funding Requests

- (1) Requests for assistance under JNNURM shall follow the process of appraisal prior to sanction, as summarised in the earlier section. Depending on the nature of the project and coverage, the project proposal shall be appraised by the Mission Directorates accordingly.
- (2) All requests for assistance under the JNNURM shall be forwarded to the Mission Director in the MoUD/MoUEPA. The requirements for submission are detailed in Toolkit 4, which should be referred to by the ULBs/ Parastatal agencies seeking assistance under the JNNURM.
- (3) The process for request of assistance from JNNURM shall be originated by the ULB/ Parastatal agency. The ULB/ Parastatal agency shall submit the required documents along with the respective application form for recommendation of the SLSC. The SLSC shall seek assistance from the SLNA and/ or TAG for screening and prioritising projects.
- (4) Recommended proposals, conforming to eligibility requirements of JNNURM shall be appraised by the Technical wing of the respective Ministry/ Technical agency and recommended to the respective CSMC, which shall review and sanction the recommended proposals.
- (5) The monitoring and policy oversight function shall be steered by the NSG with assistance from Mission Directorates at the centre. At the State level, the Steering Committee would review and monitor progress at the State level.

Jawaharlal Nehru National Urban Renewal Mission

Formulation of a City
Development Plan

2

Jnnurmm

Ministry of Urban Employment and
Poverty Alleviation



Government of India

Ministry of Urban Development

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION

Formulation of a City Development Plan

Contents

The Toolkit

I. City Development Plan (CDP)	4
II. Preparing a City Developing Plan	5
III. City Assessment: Analysis of Existing Situation	7
IV. Developing a Vision for the City	16
V. Working on Strategies	18
VI. City Investment Plan (CIP) and Financing Strategy	19
VII. Summary	20
Annex	21

The Toolkit

This toolkit is designed to assist city governments and other participating organisations such as the state-level and city-level water supply and sewerage boards and development authorities in the formulation of City Development Plans (CDPs). The toolkit outlines the scope of City Development Plans (CDPs), as it emerges out of the Jawaharlal Nehru National Urban Renewal Mission (NURM). It indicates the requirements of data, and suggests a methodology for analysis, together with steps for their use to realistically assess the problems and resources and comparative advantage of cities and to determine a medium to long term vision for their future development. The toolkit provides an approach to identifying the key issues that need to be addressed and the options that are available with city governments to bridge the gap between where the city is now and where it wishes to go.

I. City Development Plan

A City Development Plan (CDP) is both a perspective and a vision for the future development of a city. It presents the current stage of the city's development – *where are we now?* It sets out the directions of change – *where do we want to go?* It identifies the thrust areas — *what do we need to address on a priority basis?* It also suggests alternative routes, strategies, and interventions for bringing about the change – *what interventions do we make in order to attain the vision?* It provides a framework and vision within which projects need to be identified and implemented. It establishes a logical and consistent framework for evaluation of investment decisions.

A CDP is anchored on the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) goal of creating economically productive, efficient, equitable and responsive cities. As a step to achieving this goal, the CDP focuses on the development of economic and social infrastructure, strategies that deal specifically with issues affecting the urban poor, strengthening of municipal governments and their financial accounting and budgeting systems and procedures, creation of structures for bringing in accountability and transparency, and elimination of legal and other bottlenecks that have stifled the land and housing markets. It provides a basis for cities to undertake urban sector reforms that help direct investment into city-based infrastructure.

It is essential for a city to systematically think of the future, and determine how it wishes to shape that future.

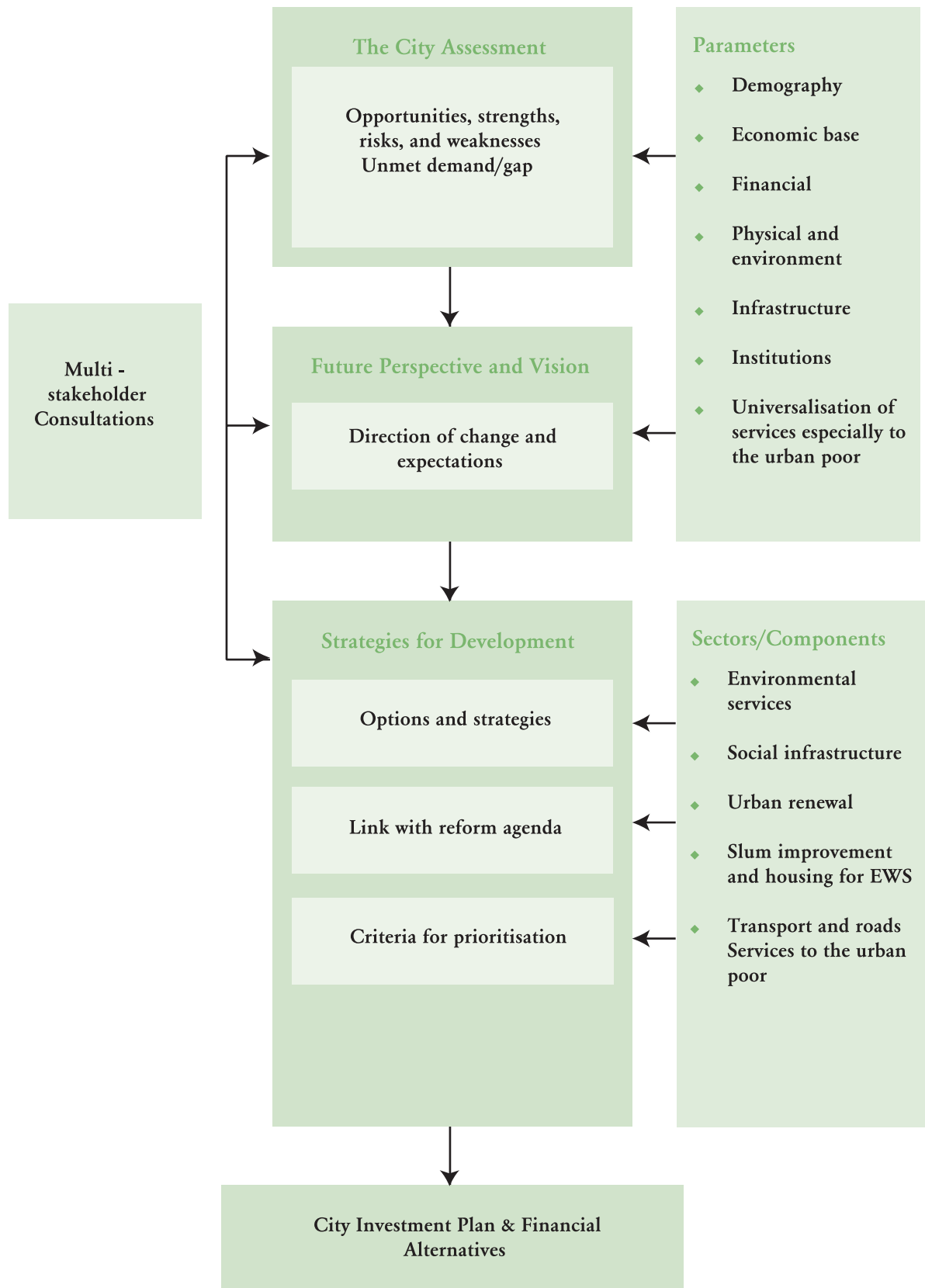
II. Preparing a City Development Plan

Preparation of a CDP is a multi-stage exercise, involving:

- (i) *In-depth analysis of the existing situation, covering the demographic, economic, financial, infrastructure, physical, environmental and institutional aspects:* The purpose of this stage is to review and analyse the current status of the city with regard to the state of its development, systems and procedures, as equally its institutional and financial context. This stage is meant to identify the strengths and weaknesses in the city's development and to provide an understanding of what impedes service delivery and management within the existing set-up and what contributes to better service provision. This stage offers an opportunity to bring out the unique features of the city that may distinguish it from other cities.
- (ii) *Development of a perspective and a vision of the city:* Using the results of the first stage of analysis combined with consultations with key stakeholders and civil society, this stage is meant to develop a vision for the future development – a shared vision of where the city wants to be in a medium-term perspective. It is a collective vision of the future direction expressed in terms of expectations and often even goals, such as “water for all”.
- (iii) *Formulating a strategy for bridging the gap between where the city is and where it wishes to go:* It is in this stage that strategies and interventions are identified for attaining the vision and future development perspectives. This stage is used to first identify the options and strategies and second, to evaluate the strategies from the perspective of their contribution to the goals and objectives of the JNNURM. The chosen strategies are translated into programmes and projects in this stage. This is the phase where the city needs to decide which programmes would contribute most to the vision and medium-term perspectives. It is at this stage where criteria are selected, with appropriate consultative processes, for prioritising the strategies, programmes and projects.
- (iv) *Preparing a City Investment Plan (CIP) and a financing strategy:* An investment plan and a financing strategy are an integral part of the CDP. It is an aggregate investment plan indicating, for instance, the cost involved in providing 24/7 water supply from the present level of 10/7; it is not a financial estimate of a project for increasing the capacity of a water plant from 1,00,000 mld to 1,50,000 mld. Crucial to this stage is a plan that considers the alternative sources of financing the vision and the accompanying strategy and programmes.

The process of formulating a CDP is illustrated in the chart (see diagram).

Multistage Exercise



III. City Assessment: Analysis of the Existing Situation

An analysis of the existing situation is the first stage in the formulation of a CDP. The purpose of the analysis is to make a realistic assessment of where the city is, the direction in which it has been moving, and its strengths and weaknesses. This stage is meant to make an in-depth analysis of the demographic, economic, financial, infrastructural, physical and environmental, and institutional aspects of the city. It should also examine the implications thereof for service delivery, management and governance.

Demography

The demographic characteristics of a city are a major component in the formulation of a CDP, and are analysed in terms of the pattern of population growth and its spatial spread within the city. The analysis should reflect on questions such as: Is the population growth excessive (by what measure), average or below average? What factors underlie the growth – natural increase, in-migration, or jurisdictional change? What, in broad terms, are the characteristics of the in-migrants? What implications does population growth have for shelter, services and infrastructure? What is the social composition of the city's population in terms of income and access to shelter and services? What are the poverty levels within the city? Are the poverty levels in the city growing or declining? Is the problem of slums a matter of major concern for the city? Is it a growing problem or one that is showing signs of stabilisation?

The analysis can be extended to examine the age and sex composition of population so as to obtain a better understanding of the size of school-going population and labour force.

TABLE 1 : POPULATION GROWTH

Year	Population (lakh)	Average annual growth rate (%)
1981		
1991		
2001		
2005 (Estimated)		
2011 (Projected)*		
<i>*Straight-line projection</i>		

TABLE 2 : COMPOSITION OF GROWTH

Composition	Population increase during			
	1981-91	% of total	1991-2001	% of total
Natural increase				
In-migration				
Jurisdictional change				
Total increase				

TABLE 3 : SOCIAL COMPOSITION OF POPULATION

Year	Number of the poor*
1993/94	
1999/00	
2004/05 (Estimated)	
*Below poverty line	

TABLE 4 : ACCESS OF THE SLUM DWELLERS TO BASIC SERVICES

Year	Number of slum dwellers	Percentage of slum dwellers having access to		
		Water supply	Drainage system	Waste service collection
1991				
2001				
2005 (Estimated)				

Economic Base

The economic base refers to the key sectors that drive the city's economy. The sectors may relate to mining and manufacturing, infrastructure such as power and utilities, financial and banking services, public services, tourism, or places of religious importance. The key to the analysis lies in identifying the lead sectors of the city's economy, and examining if the growth within the lead sectors is likely to be maintained in a medium-term framework? It should ascertain the recent shifts in the economic base and the factors that would explain such shifts and their long-term impact on the city's economy. It is important to take stock of the role and contribution of the informal sector in the city's economy.

TABLE 5 : ECONOMIC BASE, REGISTERED MANUFACTURING AND SERVICES

Economic base	Years	
	2001	2005 (Estimated)
Manufacturing		
Employment		
Production (Rs. crore)		
Value added (Rs. crore)		
Services (IT etc.)		
Employment		
Production or quantum of business (Rs. crore)		
Value added (Rs. crore)		

TABLE 6 : ECONOMIC BASE, OCCUPATIONAL DISTRIBUTION, 2001

Occupation category	Number of workers (lakh)	% of total
Primary sector		
Household industry		
Manufacturing		
Electricity, gas and water supply		
Construction		
Transport, storage and communication		
Banking and insurance		
Trade and business		
Services		
Total		

Financial Profile

The financial profile of the city indicates the state of the city's finances and the capacity of the city to be able to manage its finances and mobilise resources for maintaining infrastructural services at prescribed norms and standards. The analysis should focus on assessing: (i) the financial status of the city government (as also of other parastatal organisations responsible for service provision); (ii) the status of current assets and liabilities including outstanding debt; and (iii) analysing the role of inter-governmental transfers in the finances of municipal governments. It should especially address such questions as: What sources of revenues do the municipal governments have? Is the municipal government able to meet its current level of recurrent expenditure out of its own resources? Is it able to optimally use its "own resources"? How effective are the local tax assessment and collection procedures criteria? To what extent does the city government depend on the state government transfers for meeting its recurrent expenditures? Is the gap between what is needed by city governments and what they are able to raise due to inter-governmental assignment of revenue-raising powers, or their inefficient use and application by city governments? It will be useful to examine if the levels of expenditure on municipal services are skewed in favour of certain areas compared with others e.g., the poor areas. What budgetary and accounting practices are used? Do the finance accounts of city governments reflect the "receivables" and "payables"?

In most municipalities, the primary source of revenue for the local government is property taxes. An analysis of the property tax system should focus on tax assessment and collection practices, ratio of collection costs to revenues, and estimation of leakages, loss on account of exemptions etc. What criteria are generally applied in fixing user charges? What is the level of efficiency and equity in local taxation, expenditure, and user fee policies? How much do the urban poor contribute to local revenues? How much do they benefit from local expenditures?

TABLE 7 : MUNICIPAL REVENUE INCOME

Year	Revenue Account Receipts (Rs. lakh)			
	Tax	Non-Tax	Transfers including grants	Total
2001/02				
2002/03				
2003/04				
2004/05				

TABLE 8 : MUNICIPAL REVENUE EXPENDITURE

Year	Revenue Account Expenditure (Rs. lakh)				
	Establish- ment (wages and salaries)	Operation and maintenance	Interest payment	Others	Total
2001/02					
2002/03					
2003/04					
2004/05					

TABLE 9 : MUNICIPAL CAPITAL RECEIPTS

Year	Capital Receipts (Rs.lakh)				
	State government (Rs.lakh)		Financing institutions	Market	Total
	Loans	Grants			
2001/02					
2002/03					
2003/04					
2004/05					

TABLE 10 : FINANCES OF CITY-LEVEL WATER SUPPLY AND SEWERAGE BOARD

Year	Expenditure (Rs. lakh)	Income (Rs.lakh)
2001/02		
2002/03		
2003/04		
2004/05		

Infrastructure

The infrastructure profile refers to the current state of infrastructure and utility systems in the city. It indicates the adequacy or inadequacy of infrastructural services in terms of coverage, quantity, and quality, and attempts to identify the factors responsible for inadequate development of infrastructure services. It measures the gap between demand and supply of different infrastructural services, and examines the factors that explain the gap. For example, is the inadequacy of the availability of water or power due to: (i) the lack of investment, leakages and thefts commonly observed in water and power sectors; (ii) low tariffs that serve as a disincentive to investment; (iii) or institutional fragmentation. It reviews the cost of delivering services and compares them with recoveries made therefrom. What are the distributional characteristics of service delivery within the city? What differences are there in the level of services received by different socio-economic groups?

The most important aspect of the analysis lies in recognition of the fact that inadequate access to infrastructure is a key constraint to development; apart from determining the characteristics and quality of public service delivery, it is important to ascertain the factors that are constraining infrastructure development. Are these factors financial, institutional, or others?

TABLE 11 : STATE OF THE INFRASTRUCTURE

TABLE 11 : STATE OF THE INFRASTRUCTURE	
Water availability	Installed capacity (mgd)
	Released/daily (mgd)
Source of water supply	<i>Within city limits</i>
	10-50 sq. km.
	50-100 sq. km.
Water coverage	Population covered by public water supply %
	Per capita supply (lpcd)
	Supply duration (hrs.)
Wastewater Disposal	Wastewater generated daily (mld)
	Disposal (underground sewerage) capacity (mld)
	Present operating capacity (mld)
	Households connected to underground sewerage %
Solid Waste	Waste generation daily (tonnes/day)
	Collection daily (tonnes/day)
Stormwater Drainage	Annual rainfall (cm.)
	Length of stormwater drains (km.)
Roads and Road Transport	Municipal roads (km.)
	State-level roads (km.)
	Public transport
	Buses (number)
	Bus capacity/passengers
	Private registered vehicles
Street Lighting	Number
	Area coverage %

TABLE 12: COST RECOVERY IN URBAN INFRASTRUCTURE

Infrastructure	Cost incurred in service provision (Rs. lakh)			Direct recoveries (Rs. lakh)		
	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05
Water supply						
Sewerage and sanitation						
Solid waste collection						
Public bus services						

TABLE 13: LEVEL OF AGGREGATE INVESTMENT IN URBAN INFRASTRUCTURE, 2001/02 TO 2004/05

Infrastructure	Public investment (Rs. crore)	Private investment (Rs. crore)
Water supply		
Sewerage and drainage		
Solid waste		
Roads (municipal)		
Street lighting		
Storm water drainage		
Total		

Physical and Environment Aspects

The physical aspects of a city relate to topography (the extent to which it acts as a constraint on development), natural drainage system, and availability of lands. Given the service delivery concerns, this element of assessment should specifically deal with the availability of land, and land use organisation. It should indicate the total land availability, allocation of land for different uses and purposes, whether it has been done on the basis of certain identified principles, and their consistency with the broader economic and infrastructural base of the city. The analysis contains an assessment of the adequacy of land availability and focuses on the role of legal and statutory provisions e.g. Urban Land (Ceiling and Regulation) Act, 1976 in making land available to the market. It contains a survey and delineation of areas and infrastructure that are in need of renewal, by establishing criteria for identification of renewal areas.

Given that urban planning is an important factor in development, it is necessary to focus on such questions as: What percentage of urban land is occupied by different uses? What land use changes have occurred in recent years? What are the characteristics of the urban land market? What kinds of land use controls are practised?

An analysis of environment is primarily concerned with the impact of population growth, changes in income, expansion of economic activities, motorisation and the like on environment and

environment-related services such as air and water quality, waste water, and composition of solid wastes including toxic and hazardous waste. A key point is to assess the health impacts of environmental conditions within the city. It is equally essential to include in the analysis, the city's susceptibility to floods, earthquakes, or other national disasters.

TABLE 14 : ENVIRONMENT SERVICES

Environmental services	Quality
Air	
Water	
Waste water	
Solid water	

TABLE 15 : LAND SUPPLY (HECTARES)

Year	Developed land (hectares)	Undeveloped and under developed land under use (hectares)
2001/02		
2002/03		
2003/04		
2004/05		

TABLE 16 : LAND USE BREAK-UP

Category	% Area (specify year)
Residential	
Commercial	
Industrial	
Public semi-public	
Recreational	
Transportation	
Agricultural and water bodies	
Special area*	
Total area	
*Specify detail of which areas have been defined as special areas viz. urban villages, slums etc	

TABLE 17 : ESTIMATING RENEWAL OF HOUSING AND INFRASTRUCTURE STOCK, 2005

City Stock	Area (hectare)
Housing	
Infrastructure	
◆ Roads and streets	
◆ Water distribution network*	
◆ Sewerage and drainage*	
Industry	
◆ Obsolete, technological and physical	
◆ Incompatibility with other uses	
Business districts	
◆ Obsolete	
◆ Incompatibility with other uses	

* use appropriate unit of measurement such as km. for distribution network.

Institutions

The city is managed and governed by a number of institutions and organisations. In this respect, a city is a complex entity. The purpose of the analysis is to present the organisational structure as it relates to the delivery and management of infrastructure services, i.e., who does what, and evaluate the efficiency and effectiveness of the existing institutional structures. Often, responsibilities overlap, and also often, there may exist fragmentation of responsibilities without any platform for coordination. The analysis needs to be organised such that it sheds light on the key problems in the existing allocation of functional and financial responsibilities, and the extent to which it bears on the efficient and equitable delivery of services. It involves: (i) identification of institutions and organisations that have direct and indirect responsibilities for infrastructure provision; (ii) identification of the areas of fragmentation or overlap; (iii) assessment of the impact that it has on infrastructure delivery and management; and (iv) a review of the role of the private sector in service delivery and the potential of public-private partnership in the development and management of infrastructural services.

The analysis is designed to focus on such questions as: What is the *de jure* and *de facto* distribution of authority between the three tiers of government and how does it relate to Constitutional and legal requirements? What impact does it have on urban administration and delivery of public services? Is there an overlap in the responsibilities and activities of public service agencies? Are their objectives and activities complementary or conflicting? What mechanisms exist for **interagency** coordination?

TABLE 18 : INSTITUTIONAL RESPONSIBILITY

Urban infrastructure	Planning and design	Construction	Operation and maintenance
Water supply			
Sewerage			
Drainage			
Storm water drainage			
Solid waste disposal			
Municipal roads (including flyovers)			
Street lighting			

TABLE 19 : ROLE OF THE PRIVATE SECTOR IN URBAN INFRASTRUCTURE PROVISION

Urban infrastructure	Role of the private sector (specify)
Water supply	
Sewerage	
Drainage	
Storm water drainage	
Solid waste disposal	
Municipal roads (including flyovers)	
Street lighting	

IV. Developing a Vision for the City







Developing a vision for the city is central to the preparation of a CDP. A vision is a statement of where the city wishes to go, within a given timeframe, and is often expressed in terms of clear expectations. It defines the potential of the city and reflects its unique attributes in terms of comparative and competitive advantages, values and preferences of the city's residents, relationship of the city to the state, national and global economies, and of course, the history and physical characteristics of the city. A vision aligns stakeholders' energies to work cohesively for the development of the city. Cities need to systematically consider the future, and design strategies to accordingly shape the future. All objectives, strategies, programmes and projects must be aligned with the vision of the city.

Developing a common vision requires a significant effort of consensus building in order to balance the competing demands arising from different economic infrastructure sectors, as also from different interest groups within the city. In order to achieve an understanding on a common vision, it is useful to choose "milestones" and targets such as provision of a minimum level of services to all; public disclosure and transparency in the formulation of budget proposals; introduction of a single window in matters of service delivery and management and the like. In developing the vision, cities must choose a set of criteria that are directly relevant to the JNNURM components. It is important that when cities define outcomes and milestones on the vision, they ensure that these are measurable and have a time frame.

TABLE 20 : VISION AND GOALS

Vision and goals	Year		
	2010	2015	2020
Sectoral agenda			
Water supply			
Sewerage			
Sanitation			
Solid waste management			
Drainage/storm water drains			
Urban transport			
Heritage			
Reform agenda			
Decentralisation			
Land and housing markets			
Transparency and accountability			
Community participation			
Financing management system			
Municipal finances			
Budgeting for the urban poor			

THE JNNURM OUTCOMES

-  *Universal access to a minimum level of services*
-  *Establishment of city-wide framework for planning and governance*
-  *Modern and transparent budgeting, accounting, and financial management system at municipal levels*
-  *Financial sustainability for municipalities and other service delivery institutions*
-  *Introduction of e-governance in the core functions of municipal governments*
-  *Transparency and accountability in urban service delivery and management*

V. Working on Strategies

The gap between where the city is and where it wishes to go can be bridged by pursuing different strategies and programmes. It is important that alternative strategies for meeting the gap are identified and subjected to careful evaluation. In the context of the JNNURM, the selection of a strategy or a set of strategies should be guided by their contribution to its goals, objectives, and the reform agenda.

The selection of a strategy is an extremely important constituent of a CDP, and needs to be done with wide-ranging consultations among key stakeholders. A strategy that links the urban poor with service provision may be preferred compared to the one that aims at expansion of service without any reference to its potential beneficiaries or target groups. An urban renewal strategy which incorporates the interests of the poor in the transition phase may rank high in comparison with another, which does not distinguish between different affected groups. It is thus evident that evaluation of alternative strategies aims at maximising the impact – be it the water supply project or a constituent of the reform agenda like the repealment of the Urban Land (Ceiling and Regulation) Act, 1976.

In working on strategy formulation and selection, it is useful to ask: Will this strategy help in achieving the vision or will it help bring the city closer to the vision? Will this strategy help in achieving the JNNURM outcomes? The selection of a strategy involves making a choice; no two strategies are of equal importance in their impact. Selection needs to be guided by the probability of producing results and should be evaluated in terms of “outcomes” instead of “inputs”. Selection is often determined by institutional capacities and financial means for implementation although strategies could be selected in a way that they enhance institutional and financial capacities to achieve the vision.

TABLE 21 : CRITERIA FOR STRATEGY SELECTION

Criteria	Alternative strategies and programme

A strategy plan is one that can help a city leapfrog into the future in order to achieve the vision or the perspective.

VII. City Investment Plan and Financing Strategies

A City Investment Plan (CIP) provides an estimate of the level of investment that will be needed to implement the CDP. It is an estimate and approximation, and provides an order of investment, arrived at by using financial norms or standards for service provision and upgradation or directly estimating the cost of implementing a reform agenda. An investment plan may be formulated by seeking answers to questions such as: What level of investment would be needed to provide 150 litres of water to the city's population? What would be the order of investment if area under citywide roads were to be raised from the present level to about 20 per cent of the city's total area? What would the city need to invest if the open drainage system were to be converted into an underground sewerage facility?

A linked, but an extremely important, aspect is to consider options and strategies for financing the vision as contained in the CDP. Will it be financed by the local government by mobilising resources or in partnership with other tiers of government and financing institutions? Will the city resort to capital market? What will the city need to do in order to access the capital market? Will it encourage the private sector to finance this vision? What steps will be required to be taken to facilitate private sector investment? To the extent a city is able to systematically examine the financing options will add value to the CDP.

TABLE 22 : FORMAT FOR FINANCING OPTIONS

Financing options	Estimate of additional resources (Rs.crore)
Municipal government's own resources	
State government grants and loans	
Financing institution	
Capital market	
Off-shore financing	
Central government grants	
Private sector	

Summary

It is useful to summarise the key features of the CDP focusing on the following:

- ◆ What does the analysis of city's profile show? Where are the opportunities and where are the key constraints?
- ◆ Given the opportunities and constraints, where does the city wish to move in a medium-term perspective? While the vision is forward-looking, it is also a realistic vision, achievable with a given time frame.
- ◆ What strategic options are available to achieve the vision? What are the costs and benefits of alternative strategic options? Which of the strategies will help the city achieve the vision at least cost or maximum impact?
- ◆ What would be the aggregate investment needed to implement the vision? What are the options for mobilising resources for implementing the CDP?
- ◆ What reforms other than those embodied in the JNNURM are necessary for effectively implementing the CDP?

The Toolkit lays down the steps in the preparation of a (CDP). It must be recognised that the preparation of a CDP is not a straight-jacketed exercise that must follow the steps outlined in this Toolkit. It is flexible, requiring an approach that suits the city's environment and institutional set-up. Further, this Toolkit is, at best, illustrative and a reference document and so are the format of Tables

Annex

Activities Admissible under JNNURM

- i. Urban Renewal i.e., redevelopment of inner (old) city areas (this would include items like widening of narrow streets, shifting of industrial/commercial establishments from non-conforming (inner-city) areas to 'conforming' (outer-city) areas to reduce congestion, replacement of old and worn-out water pipes by new/higher capacity ones, renewal of sewerage/drainage/solid waste disposal systems, etc). Land acquisition cost will not be financed under this component of the programme.
- ii. Water Supply including setting up de-salination plants, where necessary;
- iii. Sewerage and solid waste management
- iv. Construction and improvement of drains/storm water drains
- v. Urban transport
- vi. Laying/improvement /widening of arterial/sub-arterial roads and bridges to remove transport bottlenecks.
- vii. Laying of ring roads and by-passes around metro and mega cities, provided certain cost recovery measures like toll charges are built in.
- viii. Construction and development of bus and truck terminals
- ix. Environmental improvement and city beautification schemes.
- x. Construction of working women hostels, marriage halls, old age and destitute Children's homes, night shelters with community toilets.

Jawaharlal Nehru National Urban Renewal Mission

Guidelines for Project Preparation

3

Jnnurmm

Ministry of Urban Employment and
Poverty Alleviation



Government of India

Ministry of Urban Development

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION

Guidelines for Project Preparation

Contents

I.	Overview of the Project Development Cycle	3
II.	Identification of Urban Infrastructure Projects and their Prioritisation	5
	1. Origin of Proposals	5
	2. Identification of Projects in the Urban Sector	5
III.	Project Scoping	6
	1. Approach for Project Scoping	6
	2. Need for Prefeasibility Analysis	6
	3. Dovetailing any Equivalent Assessment	6
	4. Advanced Project Development Including Scoping	6
IV.	Public-Private Partnerships for Urban Infrastructure Development	7
	1. Need for Public-Private Partnerships	7
	2. Public-Private Partnership Options	7
	3. Project Development for Public-Private Partnership Projects	8
V.	Project Preparation and Detailing	11
	1. Project Detailing Options	11
	2. Guidelines for Project Preparation	12
	3. Steps in Project Preparation	12
	4. Technical Assistance for Project Preparation	14
VI.	Finalising the Arrangements for Implementation	15
VII.	Achievement of Financial Closure	16
VIII.	Execution of MoA and other Agreements for Implementation	17
	Figure : JNNURM Project Development Cycle	4
	Annex: Public or Private Service Delivery- The Choice	18

I. Overview of the Project Development Cycle

The purpose of this Toolkit is to set forth guidelines for project preparation. This would assist the ULB/parastatal agency applying for assistance from the JNNURM in meeting the requirements for sanction of assistance under JNNURM as set out elsewhere in this Toolkit. This Toolkit focuses on the process that the ULBs may follow to generate a proposal to meet the Mission's objectives and process requirements. The preparatory phase comprises a number of steps. Typically, these steps include a project development cycle.

The JNNURM envisages acceptance of a reform-driven approach to access financial assistance for infrastructure development by ULBs. This process of undertaking reforms has to be dovetailed with the project development process. The aim is to put together a compliant proposal that is ready for the sanction of funds. The project development cycle for a project or a group of infrastructure projects proposed to be undertaken with assistance from JNNURM shall include the process from the point of origin of the project concept up to the point of achieving financial closure. This Toolkit provides an overview of such a project development cycle and the milestones to be met.

Briefly the project development cycle comprises the following:

- (a) Identification of urban infrastructure/ basic services to urban poor projects and their prioritisation.
- (b) Project scoping.
- (c) Preparation of a detailed project report.
- (d) Finalisation of the arrangements for implementation.
- (e) Sanction of JNNURM assistance.
- (f) Achievement of financial closure.
- (g) Execution of a Memorandum of understanding (MoA) and other agreements for implementation.

The above milestones are discussed in greater detail in this Toolkit. For easy understanding, the process has been represented in a flow chart in Figure 1.

Figure: JNNURM Project Development Cycle



II. Identification of Urban Infrastructure Projects and their Prioritisation

I. Origin of Proposals

The origin of project concepts is expected to be done by the concerned urban local body (ULB) governing the eligible city. The proposal for every such city is to be prepared by the concerned local body governing the city and/or the State government and through a consultative or participatory process with community participation.

2. Identification of Projects in the Urban Sector

The ULB shall identify the infrastructure needs of the city. The delineation of such infrastructure requirements shall be done through a process that sets forth the stage for participatory development.

- (a) **Preparation of a strategy/plan:** The ULB shall map out a city-level development plan through such a process. The consultative process shall include the involvement of citizens. The process itself shall include an assessment of population growth, infrastructure needs and resource requirements in the short-term, medium-term and long-term horizons.
- (b) **Delineation of needs and priorities with public involvement:** Citizens may be informed about the existing status of infrastructure, the broad investment requirements for augmentation and new development, and consulted on the prioritisation of projects. A public consultation shall include a broad assessment of municipal resources, possible or likely impact on the municipal budget, and the proposal for reforms to support development. Such an assessment shall take due cognisance of the existing infrastructure and its usefulness over the planning horizon in the long term. Such a rapid assessment reviews the city's economic development, physical planning and growth management, physical infrastructure status, social infrastructure status, and municipal fiscal status. The objective of the same is to provide insight into the infrastructure needs of the city and assist in identifying capital investments (CIs) in consultation with local stakeholders.
- (c) **Prioritisation of infrastructure and investment requirements:** The willingness to accept reforms and impact on the municipal budget are expected to lead to prioritisation. Any alternative consultative process may also be considered leading to delineation of infrastructure priorities and consequent investment requirements that are necessary for financial planning.
- (d) **Documenting the CDP:** The summary of assessment of broad infrastructure requirements and their phasing shall be documented in the CDP. This would include the willingness of the public and elected representatives to accept in-principle implementation of reforms to support the proposed development.

III. Project Scoping

Project scoping shall include defining the scope of the project in terms of demand, components, capacity, phasing and sizing etc. The scoping stage shall provide an outline of the nature and extent of the project and a broad sustainable option for its implementation.

1. Approach for Project Scoping

Typically, project scoping is carried out through a feasibility exercise. Most ULBs have been conducting a feasibility or prefeasibility assessment to define the technical feasibility for infrastructure projects. In the case of the JNNURM proposal, however, scoping of the project identified in the CDP shall include a techno-commercial assessment of the project with a broad technical scope. In other words, this would also include an indicative financial assessment of feasibility and sustainability and an indicative plan for implementation over and above an indicative technical outline.

Such an assessment shall also include identification of issues and risks associated with the project which may have been identified during the process of preparation of the CDP, and assess ways of mitigating them.

2. Need for Prefeasibility Analysis

The reason for conducting a prefeasibility analysis is to identify projects that could be implemented with the support available from JNNURM and additional support (including reforms), if any, required to make them sustainable. The purpose of this analysis is also to categorise projects which could be implemented within a suitable public-partnership partnership (PPP) framework (as PPP projects) and those which could be implemented otherwise (as non-PPP projects).

Prefeasibility assessment shall be carried out for every infrastructure project identified in the CDP proposed to be undertaken.

3. Dovetailing any Equivalent Assessment

Any other project scoping exercise may be considered equivalent to a prefeasibility analysis, such as an initial screening report¹. It could be considered in place of a prefeasibility analysis so long as the document provides the intended analysis.

Project scoping could also form part of the CDP or master plan study in which case such documents should include an assessment for sustainability and a strategy for implementation.

4. Advanced Project Development including Scoping

For projects where scoping is dovetailed as a part of a detailed feasibility exercise (wherein the detailed feasibility assessment is proposed to be undertaken), the prefeasibility stage may be eliminated.

¹ An initial screening report prepared for a typical project development cycle under a World Bank sponsored project to be taken up with multi-lateral or bilateral assistance.

IV. Public-Private Partnerships for Urban Infrastructure Development

1. Need for Public-Private Partnerships

- (1) Rapid urbanisation and growing demand has increased the need for investment in infrastructure development. Limited availability of funds for the provision of infrastructure has widened the divide between requirements and supply. In current terms, the investment requirement far exceeds the availability of budgetary allocation. The government therefore has been encouraging PPPs to attract market investment, thereby leveraging government budgetary resources to meet the provisions for infrastructure.
- (2) Infrastructure projects are complex, involving different stakeholders, and require significant preparatory work referred to hereafter as project development. When properly structured or made “bankable”, PPP projects should meet the requirements of the government for service provision, with respect to standards, levels and quality of service etc., reduce their exposure to risks and attract private investments. To achieve this, however, it is necessary to lay down service requirements or targets of performance expected to be achieved. Governments or local authorities have to be clear in terms of objectives, on what is expected from the private sector and what price the public would be willing to pay for the quality of service(s) envisaged.
- (3) With such a backdrop, PPPs provide a good alternative for attracting private investment as well as efficiency in the provision of services that meet the current social needs. Government of India (Department of Economic Affairs) has formulated a Scheme for Support to Public Private Partnerships in Infrastructure, July 2005. The strategy outlined in the same shall be broadly followed for PPP Projects proposed for funding under the JNNURM.

2. Public-Private Partnership Options

- (1) The PPPs represent a unique and flexible solution to implement infrastructure projects. They can embrace a range of structures and concepts which involve the sharing of risks and responsibilities between the public and private sectors. Some of these are well tried and tested conventional arrangements, while others require additional contractual agreements.
- (2) Different PPP structures could be explored based on the extent of funds that could be diverted from public sources and those required from the private sector, service levels targeted, willingness to pay and affordability of consumers, and rehabilitation of the existing systems etc. Table 1 presents different options that could be explored in the urban sector. The choice of an option, however, depends on the extent to which the private sector is expected to take over and the sharing of risks associated with such a transfer of responsibility.

TABLE 1: RANGE OF PPP OPTIONS

Form of PPP Characteristic	Service	Management	Leasing	BOT/Concession	Divestiture
Complexity	Low	Low	Moderate	Complex	Complex
Rights of Private Partner	Simple services	Supervisory management control with or without O&M	Construct and/or O&M and transfer	Design, rehabilitate, construct, O&M and transfer	Fully divested and sale of assets to private partner
Ownership of Assets	With Govt./PS	With Govt./its agency	Lease rights with private partner for the period	With private partner for the O&M period	With private partner for eternity
Duration of Contract	Short term	Short term	Medium to long term	Long term	Perpetuity
Examples	Billing & collection, equipment maintenance Meter reading maintenance, replacement, calibration Monitoring	Improvements in existing system, operations Streamlining administrative & operational practices	Distribution system improvements	Efficiency enhancement and creating new assets	Sale of existing assets

- (3) **Choosing a PPP Option:** ULBs often face a dilemma while choosing to opt for PPPs or private sector participation in infrastructure provisioning or services delivery. [Annex I](#) provides the guidelines on how ULBs could assess the involvement of the private sector.

3. Project Development for Public-Private Partnership Projects

- 1) **Data availability and validation:** Most projects that need financing from the market require significant project development efforts to make them bankable. Prima facie, the need arises due to limited data availability or validation, difference in the risk and responsibility transfer associated with public financing (which is a purely contracting out transaction) as against that in a PPP transaction.
- (2) **Project reports to be bankable:** PPPs require project reports to be sufficiently detailed, an implementation framework with a clear definition of roles and responsibilities shared between the two parties, risk assessment and management, and financial assessment from the investors' perspective to address returns and bankability criteria.
- (3) **Demand responsive assessment:** PPPs focus on a demand responsive assessment that is a more complex assessment of demand or "market" for any project across sectors, user affordability and price elasticity or willingness to pay. A bottom-up approach should form part of the project development exercise to ensure a bankable project
- (4) **Full cost recovery for sustainability and viability:** Most detailed project reports focus on the engineering perspective, and seldom involve financial assessment for viability including

rate of return analysis, project cost recovery or full cost recovery, which are the prime investor concerns and criteria for financing by most financing agencies.

- (5) **Environmental and social concerns:** A perspective of environmental and social concerns in project development of PPP projects requires an understanding of such issues. It also requires an integration upfront during the techno-commercial evaluation and not just specifically for meeting the MoEF clearance requirements. As service delivery is at the core of infrastructure development, any infrastructure project should address the environmental and social perspectives. It should enhance the base environmental and social level to comply with the basic objective of public good.
- (6) **Political commitment for PPP-based development:** More often than not policies and laws in the political domain could pose political risks to the project. PPPs need political support and commitment in the form of an enabling policy framework and decisions to facilitate willingness to charge appropriate user fees, as well as to introduce private sector driven service provision that are often in the public domain.
- (7) **Need for an enabling framework:** As the present statutory and legal frameworks are applicable in case of public financing, some of the existing legal provisions would require legal due diligence to facilitate private sector participation. The 74th Constitutional Amendment may not be fully implemented in most cases. To a large extent, ULBs do not have the autonomy to raise tariffs. Certain aspects continue to remain under the domain of the governing authorities and conflict with the requirements of a PPP transaction which, on the other hand, requires autonomy to enable cost recovery.

A legal review of the applicable framework typically needs to be undertaken to evolve an enabling framework to ensure that PPP projects can be enforced or implemented. The enabling framework and the understanding for sharing of risks and responsibilities is detailed in the contractual and transaction documents prepared for project implementation.

- (8) **Contracting issues:** The PPP framework provides for: (i) improvements in efficiency of performance and focuses on performance-linked development; (ii) clear and transparent management during operations; and (iii) mutually acceptable mechanisms for resolving disputes. The contract specifications in a PPP transaction, therefore, assume greater significance. Contract designing could be made simple, user friendly but specific, detailed enough to avoid any disputes or variances, and complete so as to avoid any residual risks.
- (9) **Financing issues:** The PPP transactions involve project recourse or limited recourse financing. On the other hand, project recourse financing implies recourse to project budgets, that is, non-recourse to sponsor's budgets. PPP transactions financed in the country today, have been mostly of the limited recourse type, with limited recourse to government budgets. Financing of projects is driven by the following aspects: contractual framework; bankability; country and State rating; strength of projects to enable cost recovery; and clear understanding of support provided or made available in terms of speedy approvals, minimum equity investment in the project, lands etc.
- (10) **Risk assessment and mitigation:** Risk assessment forms the basic input during project development. Risks to the project need to be identified and mechanisms for their mitigation

integrated during the development process. The contractual framework with a risk management plan, which allocates each risk to the party best positioned to manage it, would in almost all cases lead to successful closure of the PPP transaction.

- (11) **Consumer issues:** While most projects are being developed on a traditional approach that is “norm driven” and do not involve public consultation, an understanding of the user demand and consumption pattern, assessment of tariff acceptability etc. forms the underlying assumption for structuring PPP projects. Without an assessment or knowledge of consumer demand, service requirements, affordability and willingness to pay, it would be risky to implement such projects. It could lead to high capital investments, low revenue recovery and pose consequent risks due to lack of consumer focus. A market-oriented approach is needed to assess consumption demand and consumers have to be considered as key stakeholders of the project. User participation needs to be encouraged through active community involvement upfront in the process, with consultations during option analysis and selection, allowing for contribution to the project in terms of equity, land, labour or any other means to the extent feasible.

The proposal preparation in case of PPP projects shall focus on the foregoing issues and approach to address PPP transactions in sector-specific themes. While some issues or approach for project development in the case of PPP projects would remain common across sectors, each sector would have certain important issues related to development and implementation.

V. Project Preparation and Detailing

Project preparation shall comprise all steps to be taken by the ULB for detailing the project identified in the CDP. It is governed by the need to define and detail the project and address all associated risks to ensure successful implementation.

I. Project Detailing Options

Detailing requirements may vary, depending on the transaction and contractual framework, the nature and size of the project as well as the perception of risks by the public and private sector entities.

- (a) In case of *public financed projects*, where all risks are taken by the ULB and no role is envisaged for the private sector (except contractual delivery of construction as per routine tendering process), the detailing should preferably include detailed design as part of project development.
- (b) In case of *PPP projects*, the detailing would be governed by the level of risk sharing envisaged apart from the nature and size of the project. In such a case, detailing would be necessary of not only the physical components but also parameters and commercial issues associated with the project.² Detailing could be need-based subject to the different PPP transactions proposed for implementation. Some of these are briefly explained below:
 - ◆ **Classic Build Operate Transfer (BOT)/ and Concession projects:** Detailing of the basis of costs and assumptions is necessary although the risk of design and hence the responsibility for undertaking detailed design preparation is passed onto the private sector.
 - ◆ **Design Build Operate (DBO) and Design Build Finance Operate (DBFO):** As the risk of design is passed onto the private sector, detailed design may be avoided.
 - ◆ **Lease:** Such a transaction may include augmentation and strengthening of the existing system and facilities. The detailing may be with regard to functioning or performance of the existing facilities, locational data etc., while detailed design risk and responsibility for this transaction may be with the private sector.
 - ◆ **Build Own Operate Sell:** In the case of high-risk projects, the private sector's perception of risks may be high and ULBs may finance, construct and operate the project for an initial period till the risk profile of the project is reduced or is lower. In such a case, as construction would be undertaken by the ULB, the project would have to be sufficiently

² Typically, parameters or assumptions linked to demand, willingness to pay and affordability, relevant project parameters, such as raw water quality and quantity analysis (source adequacy for 99 per cent dependability), wastewater characteristics (quality or quantity), baseline traffic, which would have either a direct or indirect bearing on project viability, are considered important. They would need detailing in order to gain private sector confidence and to arrive at a reasonable cost including risk contingency.

Usually projects with limited data and details have resulted in unsuccessful bids or exhibited a higher skewness in project costs attributable to higher risk perception by the private sector. Such risks could be mitigated by judicious detailing of important data required for the private sector to cost project components and risks more appropriately. Another reason cited by most bidders in such cases is the time and cost factor in incurring such costs prior to bidding.

detailed, including designing in the preparatory stage, to address quality and performance related issues as well as demand risk.

2. Guidelines for Project Preparation

- (1) Project preparation is envisaged as a stepwise process during which an identified project is detailed in specific terms and readied as a project that can be implemented. Towards this end, the entire project preparation and detailing exercise needs to be undertaken to ensure that it can be implemented by evolving an option based on its:
 - (a) technical feasibility
 - (b) financial sustainability
 - (c) commercial viability
 - (d) environmental compatibility
 - (e) social and political acceptability
 - (f) legal and regulatory feasibility
- (2) The objective of project preparation therefore is to structure a project with the target grant assistance from JNNURM. In doing so, it is also envisaged that the grant from JNNURM is leveraged to attract private investment and private sector participation. This can be done by ensuring durable long-term use of the assets created, efficient service delivery and management of resources through a framework that allows cost recovery.
- (3) To meet this objective, an integrated process of project preparation is envisaged which would lead to successful disbursement from JNNURM and project implementation.

3. Steps in Project Preparation

The steps involved in project preparation are:

- (1) **Preparing Terms of Reference (ToR):** The ToR should clearly be defined in terms of (i) the information or method by which the study needs to be conducted; (ii) the tasks required to be undertaken; and (iii) the indicative timeframe within which outputs are expected. Importantly, the ToR should define the minimum required man month inputs or staffing requirements, output details including an indicative Table of Contents (ToC), etc.
- (2) **Procurement and appointment of consultants:** The appointment of consultants by the ULB shall depend on the type of consultancy to be outsourced. If assistance available under JNNURM is to be utilised for preparatory tasks outlined in this Toolkit, the process of appointment of consultants should meet the requirements for availing of such grant assistance. (Refer Toolkit 4).

◆ Fair and transparent process

It is expected that a fair and transparent process will be followed for appointment of consultants.

◆ Options for appointment of consultants

Different options for the appointment of consultants could be considered depending on the consultancy requirements for the identified project. For example, fixed budget selection, quality and cost-based selection, quality-based selection or cost-based selection are different contracts for the appointment of consultants followed as a standard or best practice which could be considered.

◆ Prequalification

As a best practice, ULBs seeking to implement a bundle of projects with JNNURM assistance, may prefer to have a database and pre-qualify consultants for various tasks. The qualifications of pre-qualified shortlist of consultants could be validated every two years.

- (3) **Design of project components:** The design of project components of an identified project should be dovetailed into the Detailed Project Report as a part of the project preparatory phase. The requirements for design could however vary depending on the transaction. For instance, where the ULB contracts out the construction and design, the requirement could be for the design of components up to the preliminary engineering level (costs \pm 10%) at the pre-contracting stage. Where the ULB proposes to contract out the construction only, it could undertake detailed design of project components.

It should also be noted that the design of project components must also address the sustainability criteria.³ For identified projects, individual components should be designed so as to allow cost optimisation in the long term. In other words, long-term sustainability must be ensured through the design of components that are economical, considering the life cycle costs including capital as well as recurring costs.

- (4) **Selection of a techno-commercial option:** Every project could be implemented with a range of technologies and commercial options. Usually an option analysis would be required in such instances to ensure selection of the most technically feasible and commercially viable option.

An analysis of options would involve delineation of different options and a simulation analysis based on life cycle costs for implementation. Life cycle costing shall be an integrated cost duly considering environmental, social, legal and regulatory costs that would be associated with a project. This will enable selection of the most suitable option.

- (5) **Financial analysis for viability and sustainability:** The analysis for financial viability and sustainability shall be undertaken with regard to meeting funding requirements. Depending on the means of finance proposed by the ULB and identified for implementation, the financial analysis shall be undertaken to meet such criteria. (See Toolkit 4 for financial viability and sustainability criteria.)

- (6) **Financing and implementation structure:** Financial analysis should be undertaken to structure the project and evolve the optimum financial plan. It should include an assessment of revenues and costs associated with the project to demonstrate the sustainability of the project

³ An investment proposal shall be considered sustainable if its cash flows are able to meet the financial commitments underlying the project; its operations and maintenance expenditure; and revenues to provide for replacement investments.

cash flows over the planning horizon. Appraisal criteria must be referred to during financial structuring to ensure compliance. The ULB would have to arrange balance funding over and above the JNNURM grant. A financing plan would have to indicate the other sources of funding (debt) to meet the total financing requirement, which the ULB would repay along with interest over the life of the loan. It is expected that from a sustainability perspective, long tenure loans would prima facie be required to reduce the burden on cash flows and recourse to other municipal budgetary streams. The ULB would present an in-principle financial commitment from such sources including indicative terms of such financing that shall be structured in the financial plan.

The financial plan shall also demonstrate the provisions made for setting up the revolving fund and its maintenance over the period of project operations. The aim of the revolving fund is to clearly establish the link between asset creation and its maintenance and therefore should be project-specific and set up by the ULB for each project. The revolving fund should be set up by apportioning revenues from the project cash flows (receivables escrowed into the fund account).

While demonstrating sustainability, the ULB should provide its plan for supporting reforms that it proposes to undertake. For example, the ULB's proposal for levy and enhancement of user charges and taxes, any other sources of revenue identified to make the project viable (eg. tolls, development cess, parking and advertisement fees, betterment levy, etc.) should be provided along with accompanying documentation, as mentioned in Toolkit IV.

Care shall be taken while evolving the balanced financial structure that would meet the socio-political acceptability as well as demonstrate leveraging of JNNURM assistance.

The financial plan should also include an assessment of risks associated with every identified project and the proposed risk management framework for mitigating them.

Besides the financial plan, the implementation structure should be based on the type of contractual transaction proposed for implementation. An implementation plan must include the proposed time-schedule for completion of construction, key milestones to be achieved, milestone-linked disbursement of resources, and milestones for reform programme implementation.

- (7) **Preparation of a Detailed Project Report:** The detailed feasibility undertaken as above must be documented in the form of a Detailed Project Report accompanied by other documents for availing of JNNURM assistance. (Refer Toolkit 4).

4. Technical Assistance for Project Preparation

Advisory support available under the JNNURM could be used for this purpose. This assistance could be used in a packaged manner for the entire guidance and advisory support required for managing the process and ensuring documentation that would effect readiness for project implementation.

Publicly financed projects usually go through a prolonged project cycle prior to implementation. The JNNURM foresees facilitation of an expeditious preparatory phase and extends support for this purpose.

VI. Finalising the Arrangements for Implementation

- (1) This phase starts when the project has been sufficiently detailed and structured for implementation. This could also be undertaken in parallel with meeting statutory approvals and internal approval process that a ULB must follow as a part of the project preparation.
- (2) **ULB Approval:** For accessing JNNURM assistance, all necessary decisions required to implement the project shall be based on approvals. The process of ULB approval takes two stages:
 - (a) **In-principle approval:** The ULB shall obtain necessary approval to be taken for proceeding with the project for implementation in a public financed mode or with private sector involvement on completion of CDP at the prefeasibility report stage.
 - (b) **Approval for implementation:** The proposal shall be approved by the ULB for implementation with regard to:
 - (i) its proposed plan for implementation and institutional arrangements for the same;
 - (ii) its commitment for funds to be invested in the project;
 - (iii) the reforms it proposes to undertake to support infrastructure development as required for availing of JNNURM assistance, including the project-specific reforms proposed for financial viability and sustainability; and
 - (iv) any changes in the legal and constitutional framework governing the ULB.
- (3) **Resolutions:** The above approvals shall be documented in the form of appropriate council resolutions.
- (4) **State government approval:** The ULB shall obtain the necessary State government approval. In case of State government approval to back the project, evidence of appropriate approvals (government order, policy, cabinet approval, enactment of laws and amendments etc.) should be provided along with the project documents to demonstrate its commitment to provide investment support to the project as well as its commitment to reforms.
- (5) **Other arrangements for implementation:** The ULB shall take the following necessary steps to ensure implementation:
 - (i) Provision of land required for the project and its availability on pre-decided and approved terms and set aside necessary funds for the same.
 - (ii) Statutory approvals required from other agencies or government bodies and obtain such approvals and permissions, NOCs and clearances on a project-specific basis.

VII. Achievement of Financial Closure

- (1) Financial closure is the stage in the project development cycle when the principal stakeholders (sponsors, government, and lenders) reach a formal agreement on the fundamental business structure of the project and the underlying terms and conditions of the project's financing plan.
- (2) Financial closure is dependent on commitment of the ULB and the government for implementing the project, investor experience, risk management framework, lender appetite for investment in the sector and project size. Generally, closure has been faster for smaller projects in cities or towns with prior experience of private sector participation or relatively high creditworthiness and strong political commitment.
- (3) Delays could result from difficulties in resolving issues of risk allocation, changing priorities, and lack of adequate experience in project preparation.
- (4) Closure is important as the project gets ready to move into the implementation stage. Closure in the case of JNNURM projects would imply tying up of all the sanctions for financing and compliances therein prior to disbursement (conditions precedent) of funds.
- (5) JNNURM shall be the catalyst for achieving financial closure of identified projects. The assistance from JNNURM can be leveraged to attract other investments from institutional investors and State governments.
- (6) Under the JNNURM, it is envisaged that achievement of financial closure will result in sanction of JNNURM assistance for project implementation.

VIII. Execution of MoA and other Agreements for Implementation

- (1) State governments and ULBs including parastatal agencies, where necessary, would execute a Memorandum of Agreement (MoA) with GoI indicating commitment to implement identified reforms.
- (2) The MoA would spell out specific milestones to be achieved. Signing of the MoA will be necessary to access Central assistance.

Annex

Public or Private Service Delivery- the Choice

In order to assess the extent of involvement of the private sector for infrastructure provision and management of services, the ULB should consider:

- (1) Efficiency: What are the realities constraining the ULB from providing efficient services? These could include accountability in terms of time and costs, labour practices, government pay scales, personal benefits, inflexible work arrangements, and procurement procedures. Can these constraints be removed? Are there any economies of scale?
- (2) Capability: Does the ULB recognise that external expertise is essential for competent and efficient management of services? What are the capabilities within the ULB for O&M, procurement or financial management? What are the private sector strengths which the ULB is proposing to explore?
- (3) Legal: Does the ULB have the right to award concessions or enter into contractual licence agreements with the private sector to essentially deliver municipal services? What are the statutory permissions it needs to do so? What are the enabling provisions or amendments in the existing legal framework that would be necessary to make such arrangements enforceable?
- (4) Competition: What is the potential capacity and strength of the market? Is the private sector adequately developed so as to ensure competition among private firms? Would the provision of financial incentives better enable the private sector to participate in public service delivery?
- (5) Duplication of Roles: Will private sector entry duplicate roles or staffing requirements? Is there political will to downsize the workforce when services are given to the private sector? How is the PPP positioned to manage these issues in a co-ordinated manner? What framework or provisions in the contract need to be considered to minimise such socio-political issues? Do the monitoring costs or regulatory roles offset the impact due to private sector participation?
- (6) Risks: Do frameworks exist to protect the private sector against risks (such as currency adjustments, inflation, political changes and force majeure) so that prices for service are not unduly burdened with the costs of risk management? Does the ULB have adequate financial capacity to meet its contractual arrangements with the private sector?
- (7) Costs: Are the costs for public service known? Does the ULB have the accounting information to determine whether private sector participation would offer service delivery at equivalent or lower costs? Has there been sufficient strategic planning and have feasibility studies been conducted to benchmark whether the price or technology offered by the private sector would result in savings?

In summary, private sector participation is a means to mobilise private investments and introduce efficiency in service provision. Creating a reasonable mix of public and private sector service is one way of establishing competition, introducing performance monitoring and ensuring accountability in delivery of services. Lastly, private sector participation should not be seen with a view to privatise but to introduce investments and efficiencies in the overall service delivery.

Jawaharlal Nehru National Urban Renewal Mission

Guidelines for Project Appraisal

4

Jnnurmm

Ministry of Urban Employment and
Poverty Alleviation



Government of India

Ministry of Urban Development

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION

Guidelines for Project Appraisal

Contents

I.	Overview of the Appraisal Process	3
II.	Appraisal of Proposals Seeking Capacity Building, CDP and DPR	4
III.	Appraisal of Proposals Seeking Investment Support	8
List of Figures		
	Figure 1: Appraisal Process for Capacity Building Assistance: Preparation of a City Development Plan	6
	Figure 2: Appraisal Process for Capacity Building Assistance: Preparation of Detailed Project Report	7
	Figure 3: Appraisal Process for Investment Support Component	10
Annex :		
	Guidelines for Project Appraisal	11

I. Overview of the Appraisal Process

I. Overview

- (1) The appraisal process will commence upon receipt of proposals and requests from Urban Local Bodies (ULBs)/ parastatal agencies seeking JNNURM assistance for the capacity building and investment support components.
- (2) Appraisal of DPRs will be undertaken by the Technical wings of the Ministry or if necessary by specialized/ technical agencies before placing such proposals for sanction by Central Sanctioning and Monitoring Committee (CSMC).
- (3) Appraisal of the proposal shall be undertaken in a professional and transparent manner through the institutional framework established for this purpose. The appraisal shall adhere to the guidelines stated in this Toolkit.

II. Appraisal of Proposals Seeking Capacity Building, CDP and DPR

- (1) **Prerequisites for Accessing Assistance:** The access criteria for seeking assistance for capacity building, preparation of CDP and DPR

- (a) Proposals seeking assistance for preparation of a City Development Plan (CDP).

Parameter
City is eligible for assistance. (Refer Annex of “Overview of the JNNURM Assistance” document).
City is willing to undertake reforms.
State government’s commitment to undertake State-level reforms.
Estimate of funding requirement for capacity building is prepared.

- (b) Proposals seeking assistance for project preparation and detailing.

Parameter
City is eligible for assistance. (Refer Annex of “Overview of the JNNURM Assistance” document).
CDP is prepared
Identified project is in the eligible sector. (Refer Section V, Eligible Cities, Sectors and Projects of “Overview of The JNNURM Assistance” document).
City is willing to undertake reforms.
State government’s willingness to undertake State-level reforms.
Estimate of funding requirement for project preparation is prepared.

- (2) **Appraisal Criteria:** The Technical wing/Agency shall appraise the proposals received for assistance under this component on the following criteria:

- (a) whether the proposal includes the application form along with supporting documents.
- (b) whether the State government and ULB/parastatal agency have committed¹ to undertake and implement reforms and have agreed in principle to execute the MoA.
- (c) procurement of agencies, experts, and consultants is through a competitive process.
- (d) whether the relevant approvals and clearances have been obtained.

¹ Proposals seeking assistance for the preparation of CDP may not be in readiness with regard to their proposal to undertake reforms. Their commitment could be in the form of an in-principle acceptance of reforms, which could be detailed out as a part of the CDP exercise (timelines, milestones/activities, and targets).

(3) **Supporting Documentation for accessing assistance:** The following documents need to be enclosed along with the proposal for assistance

(a) Application form from the ULB/parastatal agency with the following supporting papers:

(i) For preparation of a CDP:

- estimate of assistance required.
- attachments as may be necessary with the application form

(ii) For Project Preparation:

- estimate of assistance required
- CDP
- Timelines with copy of MoA
- Milestones achieved as per MoA

The format of the application is provided in Toolkit 1 Section IV: Application Form for CDP and DPR.

¹ *Proposals seeking assistance for the preparation of CDP may not be in readiness with regard to their proposal to undertake reforms. Their commitment could be in the form of an in-principle acceptance of reforms, which could be detailed out as a part of the CDP exercise (timelines, milestones/activities, and targets).*

Figure 1: Appraisal Process for Capacity Building Assistance:
Preparation of a City Development Plan (CDP)

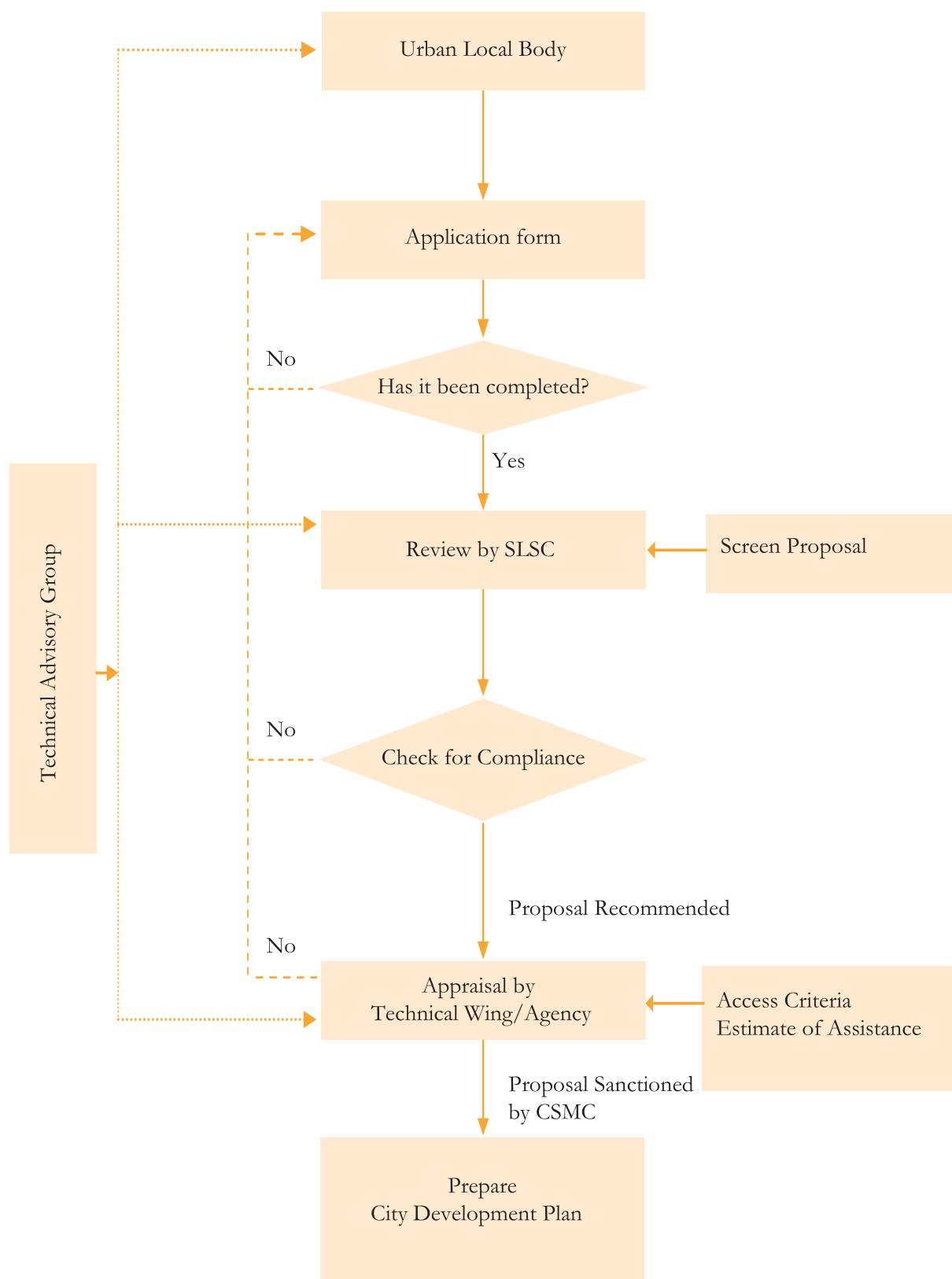
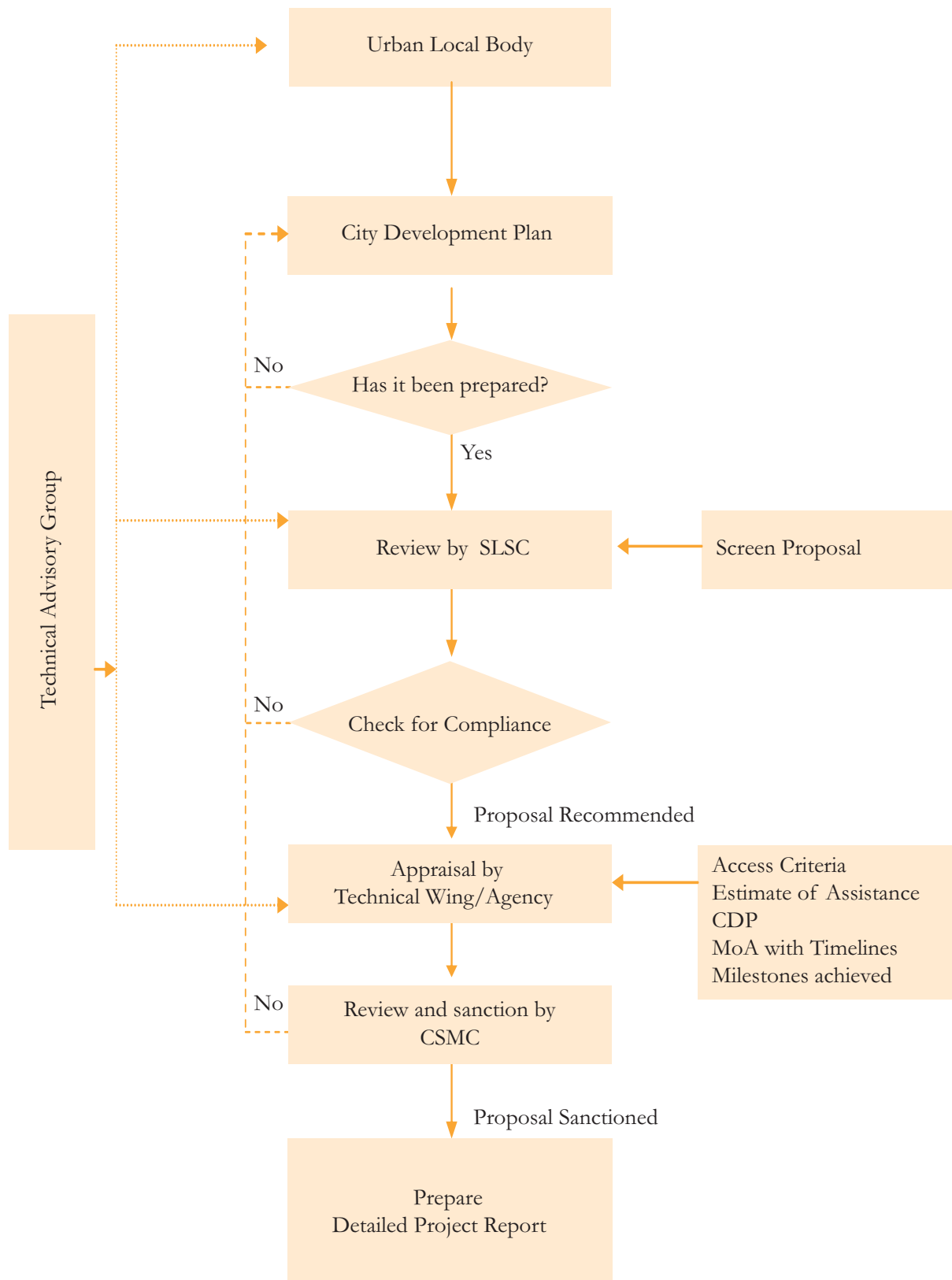


Figure 2 : Appraisal Process for Capacity Building Assistance:
Preparation of Detailed Project Report (DPR)



III. Appraisal of Proposals Seeking Investment Support

- (1) **Prerequisites for Accessing Investment Assistance:** The access criteria for seeking assistance under the investment support component depends on whether:
- a. the city is eligible for assistance.
 - b. the city is willing to undertake reforms.
 - c. the State government is willing to undertake State-level reforms.
 - d. the city has prepared a CDP.
 - e. the proposal is prioritised in CDP.
 - f. the city has prepared a detailed project report comprising techno-commercial analysis, legal assessment, establishment of institutional framework(s), risk assessment, environment and social assessment, financial operating plan, and an implementation plan.
 - g. the proposal complies with statutory requirements.
- (2) **Appraisal Criteria:** The project proposals shall be subject to the guidelines for appraisal summarised in Annex 1. The Technical Wing/ Agency shall appraise the proposals received for assistance under this component on the following criteria:

General Appraisal Criteria

- (a) whether the proposal includes the application form along with supporting documents.
- (b) whether the time frame for implementation and consequent utilisation of funds from JNNURM is clearly defined and is reasonable.
- (c) whether the concerned approvals have been obtained.
- (d) the proposal demonstrates technical feasibility and selection of a least life-cycle cost-based option for implementation as well as sustainability² through financial and economic viability parameters.
- (e) for projects undertaken by Special Purpose Vehicle (SPV) on a Public-Private Partnership (PPP) format, the project has to demonstrate an internal rate of return (IRR) greater than the cost of capital raised for the project. In doing so, the project should provide an economic rate of return greater than the cost of capital and the proposed minimum DSCR should not be less than 1.25.
- (f) in the case of ULB/parastatal agency-sponsored projects, the overall DSCR (including sinking fund and revolving fund), based on future cash flows, should be at least one.

² An investment proposal shall be considered sustainable if its cash flows are able to meet the financial commitments underlying the project, its operations and maintenance expenditure and set aside revenues to provide for replacement investments.

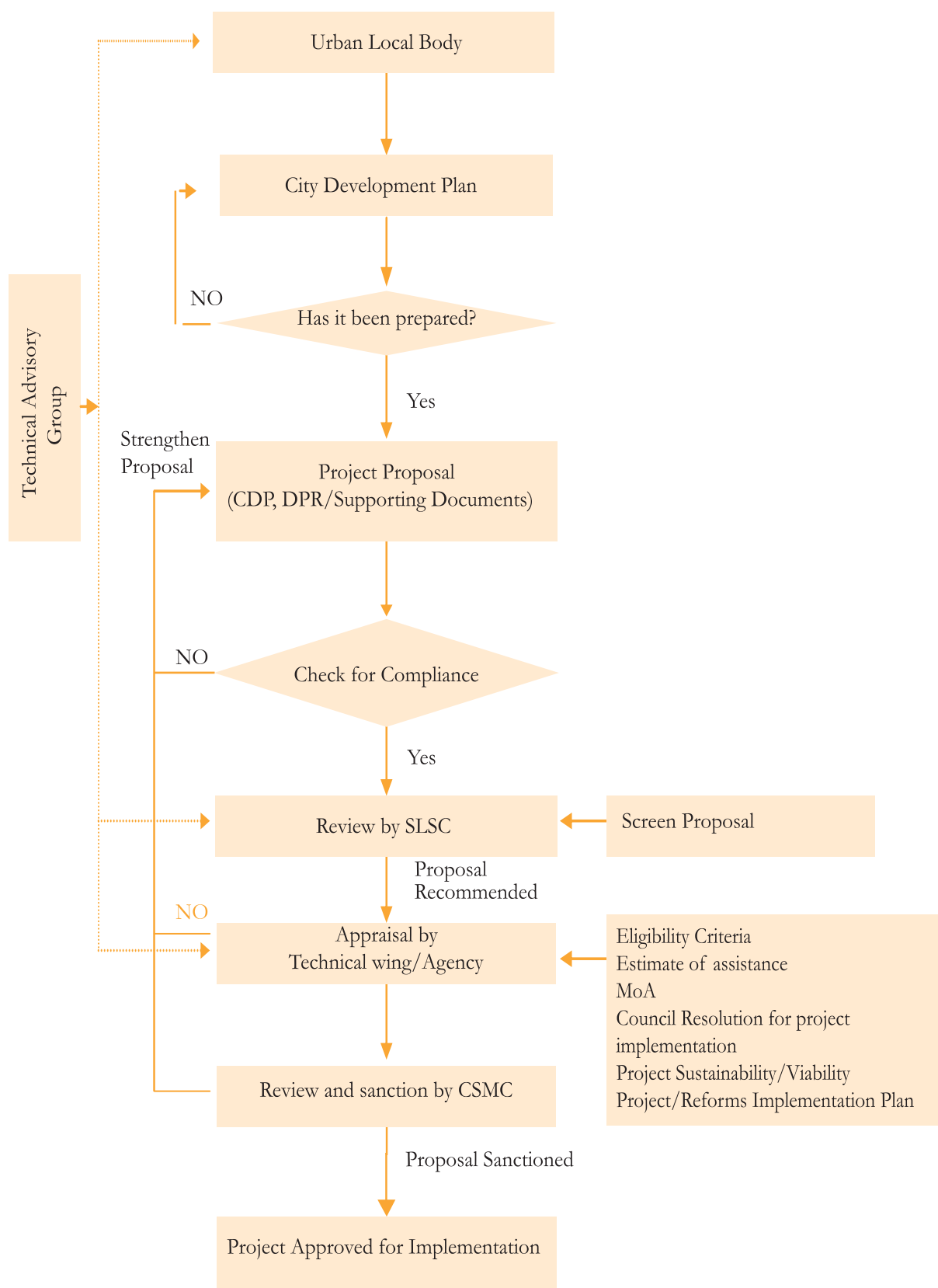
Alternatively an identifiable cash flow from the existing general pool of revenues should be escrowable for servicing the financial assistance.

- (g) the ULB/parastatal agency or sponsor is able to satisfy that it will be able to arrange the balance funding for the project.
- (h) the proposal includes a project-specific reform implementation plan linked to milestones with regard to:
 - (i) Mandatory reforms to be undertaken by the ULB/parastatal agency and State government.
 - (ii) Optional reforms to be undertaken.

Investment Criteria

- (i) No project shall be eligible for assistance under JNNURM if it exceeds the following levels:
 - (a) cities with more than four million population: 35 per cent of project cost.
 - (b) cities with 1-4 million population: 50 per cent of project cost.
 - (c) cities with less than one million population: 80 per cent of project cost.
- (3) **Supporting Documentation for Accessing Investment Support Component:** The following documents need to be enclosed along with the proposal seeking assistance:
 - (a) Application form from the ULB/ parastatal agency along with the application form for the investment component:
 - detailed project report
 - estimate of assistance required
 - (b) Tripartite MoA
 - (c) Council Resolution in respect of ULB/parastatal agency commitment to reforms and any other project-specific measures required for implementation.
- (1) **Appraisal Process for Accessing Investment Support:** The appraisal process for accessing investment support is briefly outlined in the flowchart:

Figure 3: Appraisal Process for Investment Support Component



Annex

Guidelines for Project Appraisal

1. Objective of the Guidelines

The guidelines reflect specific criteria such as core principles and best practices that projects are required to conform to for improving their sustainability and thereby becoming part of the JNNURM policy.

The objective of these guidelines is to: (i) assist in project selection, appraisal and implementation; and (ii) assess compliance with JNNURM's aim of ensuring sustainability.

Project appraisal shall be related to the measures and safeguards that are proposed. This shall form part of the proposal for seeking assistance under the investment support component. The proposals received for sanction of JNNURM assistance shall be subject to these guidelines for all eligible projects in the urban sector, and across all eligible sectors.

2. Guidelines for All Sectors

The project proposals must conform to the following:

- (a) **Prioritisation of Projects:** Proposals should demonstrate that the projects and proposed investments are prioritised in the capital expenditure programme of ULB, as part of a CDP, business /master plan or vision; or recognised as priority investments. The same shall be confirmed by the ULB as its priority.
- (b) **Agenda of Reforms:** The project proposal shall be accompanied by:
 - (i) Commitment of ULB/parastatal agency and State government to adopt mandatory and optional reforms as specified in Section V of the "Overview of the JNNURM Scheme" document. The commitment shall be in the form of a reform implementation plan.
 - (ii) Commitment of the ULB to adopt a service delivery reform approach (see definition below) integrating asset creation with management and financing during its lifespan, so that the intended service is fully sustainable.

The Service Delivery Reform This approach shall mean: (i) the present levels of service delivery are known; (ii) the proposed service delivery improvement programme with achievable targets and milestones (how the municipality is aiming at improvement in the existing service levels over time under a long-term road map); (iii) the investments proposed should aim at improving the current service levels in line with the long-term road map, and not bring down the current service levels unless there is a severe constraint; and (iv) the required institutional strengthening and capacity building measures are planned and implemented along with investments.

- (c) **Financial Aspects and Sustainability:** Project proposals shall present the cost-benefit analysis incorporating a life-cycle cost analysis. The cost-benefit analysis for individual projects of Rs.50 crores or more shall demonstrate a positive net present value (NPV) and an economic

rate of return (ERR) equal to or above the appropriate opportunity cost of capital. This requirement will not be applied to projects with non-quantifiable benefits or those costing less than Rs. 50 crores. Should the NPV be negative or the ERR below the cost of capital, an additional qualitative analysis would be required.

Additionally, in PPP projects implemented through a SPV, the proposal shall demonstrate financial viability based on a targetted IRR of at least 200 basis points above cost of capital.

- (d) **Sector Guideline(s):** Project documentation shall be based on the sectoral development guidelines. The sector-specific guidelines detailed below should be referred to for this purpose.

SECTOR-SPECIFIC GUIDELINES: WATER SUPPLY AND SEWERAGE PROJECTS

Project proposals in the water supply and sewerage sectors would be considered for support if the ULB/sponsor and State government conform to the following:

- ◆ **Considerations in planning:** Plan for proposed improvement in service delivery, outlining the initial steps to be undertaken, milestones to be reached in the initial five-year plan, progressive improvements proposed over the long term (15-20 years). In this respect the milestones shall be targets of service levels proposed to be achieved, such as reduction in system losses/ Unaccounted for Water (UFW), expanding service coverage in terms of population served, delivery of water supply (duration of supply/quality of supply), support activities proposed to be undertaken as a part of this plan including water audit, energy audit, system performance benchmarks (pressure/ flow measurements) to be maintained, consolidation of user connections data base (details of user connections including revenue/commercial data (billing and recovery, amounts paid/due/ arrears), metering (for monitoring of system performance as well as user end delivery), etc. Technical designs shall be based on least-cost solution, taking into account life-cycle costs and demand assessment based on actual consumption estimates.
- ◆ **Integrated Development:** When water supply is augmented, it is required that provisions for wastewater disposal be considered. This should include drainage and sewerage as a parallel (or immediately following) phased activity.
- ◆ **Institutional Development and Efficiency Enhancement:** Aim at increased autonomy of the service provider/ULB in its functioning (initial steps on autonomy shall be suitably designed as required, based on the size and capacity of the ULB), increased efficiency and to progressively achieve full cost recovery. The proposed institutional arrangements and management practices shall take cognizance of the service delivery reform programme suggested.
- ◆ **Participatory Implementation:** Project implementation to be undertaken by the ULB and SPV with some degree of community participation. A social intervention and communication strategy to be included wherever the project includes new poor customers.
- ◆ **Financial Planning:** Development of a realistic business plan including estimates of annual costs and revenues, phased costs including replacement costs, capacity expansion and/or upgrading of treatment/disposal facilities, and planned improvements in performance. Inclusion of sound commercial practices, encompassing private sector involvement, a sustainable plan to include proposed tariffs and their revision, and any other charges considered sustainable and appropriate.
- ◆ **Mechanisms for Sustainable Management:** Provision for creation of a revolving fund through apportioning of revenues to meet debt service requirements and as a maintenance and replacement reserve to fund capital investments in equipment and future expansion.

SECTOR-SPECIFIC GUIDELINES: SOLID WASTE MANAGEMENT PROJECTS

Project proposals in the solid waste sector would be considered for support if the ULB/sponsor and State government conform to the following:

- ◆ **Considerations in Segregation at Source and Reuse/Recycle:** Considerations/introduction of systems/bye-laws/policies and measures to improve source separation and recycling, taking into account existing formal and informal activities and the requirements of different waste reusers/reprocessors.
- ◆ **Collection and Transportation System:** Establishment of an efficient secondary collection and transfer system.
- ◆ **Selection of Disposal Facility:** Introduction of acceptable and reliable treatment and/or disposal system (which could include waste reuse and/or reprocessing to a product of market value (gas, energy, manure, RDF, etc.);
- ◆ **Consideration for Ultimate Disposal:** Identification and establishment of a technically suitable and publicly acceptable long-term landfill facility; land for MSW disposal and treatment must be identified as per MSW Rules 2000 including any amendments thereof.
- ◆ **Enabling Legal Framework:** The ULB shall establish an enabling legal framework for the levy of user charges and their appropriation.
- ◆ **Institutional Arrangement and Efficiency Enhancement:** Adoption and implementation of a code of practice for operation of the MSW system; separate accounting for MSW to allow relevant costs to be identified and quantified; establishment of a technically capable unit clearly responsible for all aspects of MSW to strengthen the institutional framework for managing MSW within the ULB;
- ◆ **Revenues and Cost Recovery:** Introduction of tariffs (user “fee” or “tax” or “betterment levies”), and/or structuring tariffs to recover O&M costs and their revisions over the project period (construction and O&M). Identify and allocate reliable source of subsidies (revenue sources) to make the projects sustainable.
- ◆ **Performance Measurement and Monitoring:** Performance measurement and monitoring system with quantitative performance indicators for collection, transportation, treatment and disposal.
- ◆ **Financial Planning:** A realistic business plan showing estimates of annual costs and revenues, phased costs including replacement costs, capacity expansion and/or upgrading of treatment/disposal facilities, and planned improvements in performance; inclusion of sound commercial practices, with involvement of the private sector; adoption of a sustainable plan to include introduction of appropriate user charges and cess, and provision for allocating a portion of revenues towards replacement expenditure; creation of a revolving fund to provide for debt servicing and as a maintenance/replacement reserve to fund capital investments required for equipment replacement and facility expansion; cost effectiveness of proposed solutions vis-a-vis similar indicators.

Jawaharlal Nehru National Urban Renewal Mission

Timeline for Implementing the
Urban Reform Agenda

5

Jrnnurmm

Ministry of Urban Employment and
Poverty Alleviation



Government of India

Ministry of Urban Development

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION

Timeline for Implementing the Urban Reform Agenda

Contents

The Toolkit

I. Reform agenda at the level of the Urban Local Body (ULB)	3
II. Reform Agenda at the Level of the State Government	7
III. Optional Reform Agenda	12
IV. Draft Memorandum of Agreement (MoA)	14

The Toolkit

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) requires cities applying for assistance to lay down a time schedule for implementing the proposed reform agenda. The reform agenda consists of reforms that are to be undertaken: (i) by urban local bodies (ULBs) and (ii) by the state governments.

This Toolkit is designed to seek information from the applicant cities that will enable the Ministry of Urban Development (MoUD) or the Ministry of Urban Employment and Poverty Alleviation (MoUEPA) to set the following: (i) the benchmarks on each of the constituents of the reform agenda, and (ii) a time-schedule for implementing the reform agenda.

The timeline for implementing the reform agenda will be attached to the Memorandum of Agreement (MoA), a draft of which is enclosed with this toolkit.

I. Reform Agenda at the Level of the Urban Local Body (ULB)

Accounting Reform

What system of accounting does the ULB follow?

Cash-based, single entry	<input type="checkbox"/>
Modified accrual	<input type="checkbox"/>
Accrual, double entry	<input type="checkbox"/>

If it is accrual, double entry-based, since when has this system been followed? Year

If cash-based or modified accrual, give a time schedule for change over to accrual, double entry system.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

E-Governance Applications (using IT, GIS and MIS)

Has there been any initiative towards the use of E-governance applications or setting up of an E-governance cell within the ULB?

Yes ☐ No ☐

If yes, for what services is the ULB using these applications and in what way?

Services using E-governance applications	Details
a.	
b.	
c.	
d.	

Property Tax Reform, 2004/05

What are the total number of properties in the city?

What are the number of properties assessed for purpose of taxation?

What are the number of properties which paid taxes in the fiscal year 2003/04 ?

What is the basis of taxation?

◆ Annual rateable value (ARV)

◆ Unit area values to determine ARV

◆ Unit area values to directly determine property values or property tax

◆ Capital valuation

What is the amount of tax demanded?

2003/04

2004/05

Rs.

Rs.

What is the amount of tax collected?

2003/04

2004/05

Rs.

Rs.

Achieving the target of 85%tax collection to tax demanded

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Levy of User Charges

Water Supply

Percentage of households covered by municipal/ parastatal water supply %

Per capital domestic water supply lpcd

Average number of hours of water supply hrs

Percentage of non-revenue water to total water released %

Percentage of water supplied free %

Percentage of water lost due to leakages and thefts %

Total cost (Operation & Maintenance and debt repayment) incurred in delivering water.

2003/04

2004/05

Rs.

Rs.

Total recoveries from the sale of water

2003/04

2004/05

Rs.

Rs.

Achieving cost recovery target (full O & M recovery)

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Other services

Service

User charge

a. %

b. %

c. %

d. %

Achieving cost recovery target (full O & M recovery)

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Services to the Urban Poor

Percentage of households living in unauthorised tenements/
temporary structures

 %

Percentage of households living in unauthorised tenements/
temporary structures without access to

 %

Municipal water supply

 %

Sanitation

 %

Primary education

 %

Primary health

 %

Reaching the services to the urban poor

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Internal earmarking of budgets for the urban poor

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

II. Reform Agenda at the Level of the State Government

Implementation of the Constitution (Seventy-Fourth) Amendment Act, 1992

What is the status of implementation of the following as per the Act? Specify.

	Yes	No	Remarks
(a) Constitution of municipalities			
(b) Composition of municipal councils			
(c) Reservation of seats for women, SCs, and STs			
(d) Constitution of District Planning Committees (DPCs)			
(e) Constitution of Metropolitan Planning Committees (MPCs)			
(f) Incorporation of Schedule 12 into the State Municipal Act			

If Schedule 12 has been incorporated into the State Municipal Act, has it been incorporated fully or partially?

Fully ☐ Partially ☐

Which of the functions of Schedule 12 have been incorporated into the State Municipal Act and transferred to-ULBs?

Functions listed in 12 th schedule	Functions incorporated	Transferred to (defacto) ULB
1 Urban planning including town planning		
2 Regulation of land-use and construction of buildings		
3 Planning for economic and social development		
4 Roads and bridges		
5 Water supply for domestic, industrial and commercial purposes		
6 Public health, sanitation, conservancy and solid waste management		
7 Fire services		
8 Urban forestry, protection of the environment and promotion of ecological aspects		
9 Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded		
10 Slum improvement and upgradation		

Functions listed in 12 th schedule	Functions incorporated	Transferred to (defacto) ULB
11 Urban poverty alleviation.		
12 Provision of urban amenities and facilities parks gardens, and playgrounds		
13 Promotion of cultural, educational, and aesthetic aspects		
14 Burials and burial grounds, cremations, cremation grounds and electric crematoriums		
15 Cattle pounds, prevention of cruelty to animals		
16 Vital statistics including registration of births and deaths		
17 Public amenities including street lighting, parking lots, bus stops and public conveniences		
18 Regulation of slaughter houses and tanneries		

Has the transfer of functions been accompanied by transfer of staff?

Yes ☐

No ☐

If no, has the ULB been given the powers to recruit staff for managing the transferred functions?

Yes ☐

No ☐

Give a time-schedule for transferring the Schedule 12 functions to the ULB

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the DPC/MPC has been constituted, attach a copy of the Act.

If the DPC/MPC has not been constituted, has the legislative process for their constitution been initiated?

Yes ☐

No ☐

If no, give a time- schedule for constituting DPC/MPC

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Repealment of Urban Land (Ceiling and Regulation) Act, 1976 *

Current status of the Act in the State

Repealed

☐

Not Repealed

☐

If not repealed, give a time schedule for its repealment

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Rent Control Reforms, 2004/05 *

(a) Number of properties under rent control

(b) Percentage to total number of properties

 %

Current rental ceiling below which properties qualify to be under rent control

 Rs.

State the provision in the existing laws, which allow property owners to seek vacation of housing units, upon conclusion of the tenancy period.

State the provision in the existence laws, which allow tenancy to be transferred.

Time schedule for undertaking reform of rent control laws

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Outline the nature of proposed reform of rent control laws.

* In respect to schemes for basic services to the urban poor and schemes for water supply and sanitation, the two mandatory reforms, viz., repeal of urban land (Ceiling and Regulation) Act, 1976 and reform of rent control laws will be optional.

Stamp Duty Rationalisation, 2005

Current stamp duty rates as applicable to property-related transactions (sale, purchase, transfer etc.)

> 10%	8-10%	6-8%	5 % & less
-------	-------	------	------------

Any surcharge on the base rate

> 2%	1-2 %	< 1 %
------	-------	-------

Time-line for reducing stamp duty rates to 5 per cent or less than 5 per cent

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Public Disclosure Law

Is there any provision in respect of public disclosure (public screening or review of municipal budget proposals) in the existing State Municipal Act.

Yes ☐ No ☐

If yes, state the provision and comment on its adequacy.

Give the timeline for enactment of a Public Disclosure Law or incorporation of relevant provision in the existing state-level municipal statute.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Community Participation Law

Is there any provision in the State Municipal Acts regarding the involvement of civil society, industry, and business in municipal affairs – e.g., in setting priorities, budgeting provisions, etc?

Yes ☐ No ☐

Time schedule for enactment of a Community Participation Law or incorporation of relevant provision in the existing state-level municipal statute

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

City Planning Function

Who is responsible for city (urban) planning function for the city?

Urban local body (ULB)

☐

City-based special-purpose agency

☐

State-level town & country planning organisation

☐

Time schedule for formal association of ULB with the City Planning Functions

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Who, which agency is responsible for provision of the following services?

Water supply and sewerage

Urban local body	City-level special-purpose agencies	State-level special-purpose agency	PHED	Any other (specify)
------------------	-------------------------------------	------------------------------------	------	---------------------

Schedule for transferring to municipality this function, where it is not a municipal function

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Public transport

Urban local body	City-level special-purpose agencies	State-level special-purpose agency	Any other (specify)
------------------	-------------------------------------	------------------------------------	---------------------

Schedule for transferring this function to the municipality where it is not a municipal function

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional Reform Agenda

Revision of bye-laws to streamline the approval process for construction of buildings, development of sites etc.

Time schedule

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.

Time schedule

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Introduction of Property Title Certification System in ULBs.

Time schedule

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Earmarking at least 20-25 per cent of developed land in all housing projects (both public and private agencies) for EWS/LIG category with a system of cross subsidisation.

Time schedule

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Introduction of computerised process of registration of land and property.

Time schedule

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

<i>Time schedule</i>						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Bye-laws on reuse of reclaimed water.

<i>Time schedule</i>						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Administrative reforms i.e. reduction in establishment by introducing voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.

<i>Time schedule</i>						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Structural reforms

<i>Time schedule</i>						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Encouraging Public-Private Partnership

<i>Time schedule</i>						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

IV. Draft Memorandum of Agreement (MoA)

Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

Draft Memorandum of Agreement (MoA)

Between

The Ministry of Urban Development

or

**The Ministry of Urban Employment and Poverty Alleviation
(Government of India)**

and

The Government of _____

and

The Municipal Corporation of _____ Parastatal Agency

Dated _____

THIS AGREEMENT is made on this _____ day of _____, 200_____ between the Government of India, through the Ministry of Urban Development or the Ministry of Urban Employment and Poverty Alleviation, of the Part I

AND

The State Government of [*mention the name of the State*], through its Governor, of the Part II

AND

The Municipal Corporation of [*mention the name of municipal corporation or the parastatal agency*] through its authorized person, of the Part III.

WHEREAS the Part III seeks financial assistance from the Part I under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM);

WHEREAS the Part III, in pursuance of the requirements for assistance has developed a City Development Plan (CDP), fully detailed in Annexure I;

AND WHEREAS the Part III has formulated a detailed project report in respect of _____, with details on its feasibility, fully detailed in Annexure II;

AND WHEREAS the Part II and Part III have undertaken to implement the reform agenda, as per the timeline indicated therein, fully detailed in Annexure III and IV;

AND WHEREAS the Part I has considered the documents mentioned in Annexure I, II, III, and IV and found them consistent with the goals and objectives of JNNURM;

AND WHEREAS the Part I agrees to release a grant of Rs. _____/- over a period of _____ years, in accordance with the terms and conditions specified in this agreement.

NOW THE PARTIES WITNESSED as follows:

1. That the Part I shall release the first installment of Rs. _____/- upon signing of the Memorandum of Agreement (MOA) and submission of the above mentioned documents i.e., Annexure I, II, III and IV;
2. That the Part I may release the second installment of Rs. _____/- upon submission of a satisfactory Progress Report indicating -
 - (a) _____
 - (b) _____
 - (c) _____

3. That the Part I may release the third installment of Rs./- upon submission of a satisfactory Progress Report indicating -
 - (a) _____
 - (b) _____
 - (c) _____
4. That the Part I may release the final installment of Rs. _____/- upon submission of a satisfactory Progress Report indicating -
 - (a) _____
 - (b) _____
 - (c) _____
5. That the Part I or an Institution nominated by it, may undertake a site visit to ascertain the progress of the ongoing projects and also the reforms agenda through designated representatives periodically;
6. That apart from the Progress Report, the Part III shall submit a Quarterly Report of the spendings of the grant to the Part I. In case Part III fails to submit such a report further installment of grant may be withheld until such submission;
7. Similarly, the Part II shall submit a Half-yearly Report of the progress in respect of the implementation of the reform agenda as detailed out in Annexure III.
8. That Part II and Part III shall submit a complete report regarding the outcome of the JNNURM on the completion of the project;
9. That the Parties to the agreement further covenant that in case of a dispute between the parties the matter will be resolved to arbitration within the provisions of the Arbitration and Conciliation Act, 1996 and the rules framed thereunder and amended from time to time. The matter in dispute shall be referred to _____ [*Insert a name of an arbitrator*] as arbitrator, however, in case such person refuses to act as arbitrator, or is rendered, unable because of sickness or otherwise, or dies, _____ [*name of the second person for arbitrator*] shall act as arbitrator between the parties and the dispute shall be referred to such person and still in case this second person is not available for any reason to act as arbitrator between the parties, both parties shall name one person of their choice as arbitrator and decision of such arbitration shall be final and binding on the parties.
10. That in case there is any delay in the implementation of the reforms agenda or submission of any periodic reports, etc. at the State level by the Part II or Urban Local Body or Parastatal

level by the Part III, due to the circumstances beyond the control of Part II or Part III i.e., *Force Majeure* or any other reason, the decision on the matter of extension of time for the implementation of the goals and objectives of the JNNURM shall be at the discretion of Part I.

11. That in case of any breach regarding the terms and conditions of the JNNURM, the Part I shall be entitled to withhold subsequent installments of the grant on giving 30 days notice to the Part II or the Part III. However, in this regard decision taken by the Part I shall be final and binding on the Part II or the Part III, though, before making such orders, opportunity of hearing shall be given to the Part II or the Part III.

IN WITNESS HEREOF all the parties have put their hands on these presents of Memorandum of Agreement in the presence of witnesses.

WITNESSES:

1. _____ Ministry of Urban Development

2. _____ Or

Ministry of Urban Employment and Poverty Alleviation
(Government of India) (Part I)

The Government of _____ (Part II)

Municipal Corporation of _____

Or

Parastatal Agency _____ (Part III)