

India's largest urban renewal programme comes with strings, but is succeeding in places

# JNNURM: Hit or Flop?



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As we watch political parties develop their agenda for the elections, urbanisation is one theme emerging across the spectrum. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM), the first major intervention by the UPA government in urban development, was used as an incentive fund to bridge the investment gap in urban infrastructure. The uniqueness of JNNURM lay in linking federal grants to reforms in governance.

Its critics say that the JNNURM has had limited impact on cities since it was launched in 2005. If we ask a question regarding the impact of the programme on Indian cities, one thing stands out: in all mission cities, its public impact has been the ubiquitous JNNURM low-floor buses.

As of November 2013, of a total 567 projects that were sanctioned as part of the JNNURM, 217 were completed, of which water supply projects took precedence, accounting for 30% of all projects (in numbers).

In terms of cost, water supply and sewerage projects took the lion's share, accounting for one-third and one-fourth of total cost respectively. These are sectors that hold tremendous potential for growth in terms of public-private partnerships and mean the most to the public, given they are basic amenities.

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The pivot of the JNNURM lay in "reforms and fast-track planned development of identified cities" with a focus on "efficiency in urban infrastructure and service delivery mechanisms, community participation and accountability of urban local bodies, or parastatal agencies towards citizens".

The programme has made a difference to the size of investments and breadth of coverage across cities and sectors, and in catalysing multi-year investments and reformed development in urban infrastructure. Some cities have prepared city development plans for the first time.

The JNNURM has disbursed more funds than all urban development schemes in the last 25 years. The programme is the only scheme so far that gives both investment support and is reform-linked.

## Reform Agenda

The JNNURM specifies several mandatory and optional reform agenda required to be fulfilled by state governments and urban local bodies. At the local body level, the following mandatory reforms are required by JNNURM:

- ▶ Movement to double-entry system of accounting, since this reflects the fiscal health of a city accurately.
- ▶ Improvement in property tax coverage to 85% (of all properties).
- ▶ Improvement in property tax collection efficiency to 90%.
- ▶ Full cost recovery for water supply and solid waste.
- ▶ Internal earmarking of funds for services to the urban poor.
- ▶ Provision of basic services to the urban poor.
- ▶ Setting up of e-governance.

Besides, there are several state-level and certain optional reforms required both at the local and state



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levels that are required for access to JNNURM funds. These relate to the introduction of property title certification system, streamlining the approval process and, more generally, revision of building by-laws, earmarking 25% developed land in all housing projects for economically weaker sections and low-income groups, all at the local body level, along with other administrative and structural reforms.

## Mixed Results

We review the status of only the mandatory local body-level reforms. Most mission cities in Maharashtra, such as Mumbai, Pune and Nashik, have successfully fulfilled all local body mandatory reforms. The JNNURM website says that 42 of the 63 cities have provided basic services to the urban poor, 41 cities have earmarked internal funds for providing basic services to the poor and 34 mission cities have moved over to a double-entry system of accrual accounting which is more accurate.

Cities such as Bangalore, Mysore and Chennai have not yet been able to commit to 100% recovery of operation and maintenance costs of pro-

viding water supply and solid waste management. Delhi has a long way to go in terms of property tax collection efficiency, and most cities have not yet been able to provide basic services to their poor.

## Highlighting Problems

However, the journey has begun and on internal earmarking of funds for providing services for the poor, the adoption of the cities has been the highest, based on the scores awarded to cities on this agenda.

While service-level benchmarks have been developed for most basic services, unfortunately, there is no data on physical progress on the services or processes on which the JNNURM funds have been spent. Hence, it is easy for critics to call the programme not a bang but a whimper. Nonetheless, the biggest contribution of the programme is not that it has solved urban problems, but that it has brought them to the fore and has highlighted how important our urban areas are.

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