

12. Urban Development

Tamil Nadu ranks first in urbanisation among the fifteen major States in the country. Urbanisation has been on the increase since 1961. The 2001 Census shows 624.06 lakh population in Tamil Nadu out of which 274.84 lakhs (44.04%) live in the 832 urban centres throughout the State. In this above backdrop, town and urban planning assumes great significance. Urbanisation is closely associated with economic development which may be conceived of a multi-dimensional process. In addition to the growth process, failure of monsoon, lack of job prospects for rural unemployed and migration from rural to urban areas are the causative factors for the process of rapid urbanisation process in Tamil Nadu.

Growth in Urban Population:

According to the 2001 Census, the total number of urban dwellers in Tamil Nadu is 274.84 lakhs compared to 90 lakhs in 1961. In a normal course of events emergence of growth poles will hasten the process of urbanisation. But the phenomenal growth of urbanisation in many of the districts of Tamil Nadu in part may be attributed to the changes in nomenclature from rural to urban in the present Census. All Town Panchayats are being treated as urban irrespective of the fact whether they satisfy the population criterion laid down.

Table - 1: Trend in Urban Population

(Lakhs)

Year	Persons	Rural	Urban
1961	336.87	246.96 (73.31)	89.91 (26.69)
1971	419.91	287.34 (68.42)	124.65 (29.68)
1981	484.08	324.56 (67.04)	159.52 (32.95)
1991	558.59	367.81 (65.85)	190.78 (39.15)
2001	624.06	349.22 (55.96)	274.84 (44.04)

*Figures in parenthesis indicate percentage to total.
Source: Director of Census Population., GOI.*

Urban Development - Tenth Plan Outlay:

For urban development, the X Plan has proposed an outlay of Rs.5979 crores for the entire Plan period. This amount would be met from State Budget (22.6%), loan from HUDCO (15.5%), Government of India allocation (34.8%) and own mobilisation (27.1%). Table below highlights the break-up of the outlay by different agencies.

Table - 2 : Tenth Plan Outlay for Urban Development

(Rs.in crores)

Sl. No	Agency/ Department	Tamil Nadu Government Budgetary Support	Loan from HUDCO/TNUD P/TNUDF/LIC, etc	State Govt's total Commitment (2+3)	GOI Sup-port	Own mobilisation	Grand Total (4+5+6)
1	CMDA/ Chennai	489.90	418.00	907.90	123.50	150.00	1180.90
2.	Directorate of Town & Country Planning	1.56	7.00	8.56	3.61	-	12.17
3.	Municipal corporation/ Municipalities	509.56	360.00	869.56	1401.88	920.65	3192.09
4.	Director of Town Panchayats	348.98	140.00	488.98	550.28	554.78	1594.04
	Total	1350.00	925.00	2275.00	2078.77	1625.43	5979.20

Source: X Five year Plan Document, State Planning Commission, GOTN.

Merits and De-merits of Urbanisation:

The positive features of urbanisation and emergence of growth poles* are many and varied: Cities offer the cost-reducing advantages of agglomeration economies both for producers and consumers and economies of scale and proximity as well as numerous economic and social externalities (skilled workers, cheap transport and social and cultural amenities). Agglomeration economies are divided into urbanisation economies, i.e., general growth of a concentrated geographic region and localisation economies (forward and backward linkages). It is an additional source of public revenue and a vent for demand for horticultural crops such as fruits, vegetables and flowers and milk and milk production, timber, construction materials, etc. Despite these positive aspects, there is a growing demand for furnishing economic and social infrastructure, wage goods, skilled labour, etc. to cope with increasing urbanisation. The social cost is a progressive overloading of housing and social services, not to mention increased crime, pollution and congestion. The concentrating or centripetal forces of urban agglomeration economies will balance the dispersing or centrifugal force of diseconomies featuring increasing cost with great concentration when we talk of efficient urban scale because some of the factors of production are not mobile.

Roughly one-fifth of the population are slum dwellers and a third of the urban population is below the poverty line. Urban slums have health indicators which are more adverse than rural ones. A focused attention to evolve a State-specific strategy including structured housing programme for urban poor to prevent the growth of slums and rehabilitation of the existing slums has become another issue of concern due to urbanisation. Other concerns are:

- Accelerated urbanisation, coupled with industrialisation and absence of structured housing schemes for the urban poor have brought about rapid growth of slums;
- 40 per cent of the households in the slums are without access to safe drinking water and 90 per cent without access to sanitation; and
- Swelling population, fragile and insecure incomes and a legal and regulatory regime, hostile to the urban poor combine to exclude the poor people from safely higher value sites in the city. Thus they are concentrated in vulnerable locations close to open drains, low lying areas, banks of effluent tanks, vicinity of garbage dumps, open pavements and streets. They survive in constant fear of eviction, fire or flood.

Incidence of Migration:

The internal migration is socially beneficial because human resources are being shifted from location where social marginal product is zero to places where marginal product is not only positive but also rapidly growing as a result of capital accumulation and technological progress. However, if the absorptive capacity of both industry and social services is limited it leads to the iniquitous phenomenon of urban surplus labour - unemployment and underemployment. On supply side, internal migration disproportionately increases the growth rate of urban job seekers relative to urban population growth and depletion of human capital in rural areas. On the demand side, urban job creation is generally more difficult and costly to accomplish than rural job creation because of the need for substantial complementary resources for most jobs in the urban sector.

* Growth Poles: Regions that are more economically and socially advanced than others around them. Large-scale economic activity tends to cluster around growth poles due to economics of agglomeration and the lower costs of locating an industry in an area where economic infrastructure has been built up.

Migrants consider the various labour market opportunities available to them in the rural and urban sectors and choose the one that maximizes their expected gains from migration.

The migrating population, especially, unskilled workers from the rural areas coming into towns start settling into open areas close to their work place. These areas develop into squalid areas of living slums. This is a spill over of rural poverty and unemployment. These slums lack the basic amenities like drinking water, toilets, lights, roads, etc. The individuals migrating mostly belong to the SC communities. They constitute a form a source of cheap labour for construction works. This unorganised pattern of living leads to high incidence of crimes. Because of mushrooming growth of slums, a distinct dichotomy exists within the cities itself which sullies the image of the nearby well-developed urban pockets. Environment gets polluted by way of ripple or knock-on effects. Government have taken into account the development requirements of these migrant population and have taken a slew of initiatives to increase urban amenities and reduce urban poverty.

Thrust on Urban Development:

The Government has evolved a suitable multi-pronged strategy in terms of a Vision Document for urban development which for the next five years has envisaged to improve the quality of life in urban areas through:

- Economic sustainability;
- Consistent and reliable services; and
- Excelling in citizen's satisfaction.

The thrust areas of development concentration being -

- Efficient management of solid waste to prevent environmental pollution and health hazards and choice of landfill or incineration for waste disposal;
- Holistic education at affordable cost;
- Cost-effective health care;
- Safe and adequate water and better housing conditions;
- Better basic amenities; and
- Better roads and safety.

The total Plan amount earmarked for these areas is Rs.4554.65 crores out of which a sum of Rs.2351.14 crores is intended for the work in phase-I. The execution of the Plan will focus on public-private partnership, transparency and social audit. Funding for this Plan shall be met through: Own funds; Government grants; Borrowing from funding agencies; Public contribution and sponsorship; and Devolution funds from the Government.

Urban Housing:

There is acute shortage of housing stock in urban areas because of mushrooming growth of urban slums. Because of this, there is a constant need to augment urban housing stock.. Creation of housing stock has been an important aspect of urban development. The TNHB created the highest number of housing units (3.94 lakhs), followed by the Co-operative Housing Society (2.98 lakhs) and Tamil Nadu Central Cooperative Bank (0.69 lakhs).

Table - 3 : Creation of Housing Stock, 2003-04

Sl. No.	Agency	No. of Housing Stock Created (Cumulative)
1	Tamil Nadu Housing Board	393684
2	Tamil Nadu State Central Cooperative Bank	69126
3	DRDA-Valmiki Ambedkar Housing Programme	7250
4	Co-operative Housing Society	297596

Source: Policy Note on Housing and Urban Development 2004-05.

Most of the slums have kutchha houses with thatched roofs, which are very closely built, resulting in squalid housing conditions and are vulnerable to frequent fire ravaging the precious life and property. Slum dwellers have to grow up in the ghetto. In view of this, Government has allotted funds to replace the thatched houses with fire-proof roofs in five cities of Tamil Nadu, as delineated below:

Table - 4: Funds Allotted for Fire Proof Houses in Towns

Sl.No.	Name of the City	Families Benefited	Expenditure (in lakhs)
1.	Chennai	41186	5210.79
2.	Madurai	2368	308.79
3.	Trichy	1465	165.23
4.	Salem	1920	260.15
5.	Tirunelveli	400	53.09
	Total	48037	6089.05

Source: Policy Note on Housing and Urban Development 2004-05.

Tenth Plan Outlay for Housing Sector and Estimation of Housing Stock in Tamil Nadu:

A sum of Rs.4403 crores had been earmarked for housing sector. The plan envisaged a creation of 6.85 lakh housing units for the entire State. Out of six agencies involved in creation of housing stock in the State, the Tamil Nadu Co-operative Housing Federation is a single largest category accounting for 48 per cent of the total housing stock proposed to be created, followed by Rural Development Department 22.48 per cent during the Tenth Plan period. With respect to urban areas, it is estimated that the housing stock has to increase at the rate of 0.50 lakhs annually, given the current rise in the growth of urban population.

Slum Improvement Scheme:

A scheme has been implemented to provide basic amenities like water supply, roads and street lights to the unhygienic urban slums on an 'as is where is' basis at the cost of Rs.2000/- per family. During 2003-04 Tamil Nadu Slum Clearance Board had provided slum improvement works like roads, street lights, public convenience units, storm water drains, etc. for 30000 slum families at a total cost of Rs.6.00 crores. The cost for this was provided by a full grant from the Government of Tamil Nadu.

Table - 5 : Slum Improvement Measures

Sl. No.	Name of the Scheme	Total		Flow to SCB	
		Physical	Financial	Physical	Financial
1	Rehabilitation and resettlement of slum families on river margins in Chennai city	5164	62.13	3078	37.28
2	Construction of individual houses in urban slums in Tamil Nadu	5000	20.00	3000	12.00
3	Construction of tenements at Thazhankuppam in Chennai under slum clearance .	468	6.07	281	3.64
4	Repairs and renewals of slum tenements	8000	3.00	4800	1.80
5	Slum area development programme	500	0.25	300	0.33
6	Part - II schemes	860	.55	516	0.33
7	Development of shelter for the slum families	1050	2.10	630	1.26
8	Survey of slums in Chennai Metropolitan area	-	0.20	-	0.12
	Total	21042	94.30	12605	56.56

Source: Policy Note on Housing and Urban Development, 2004-05.

The progress made under resettlement of families in mega cities is shown below:

Table - 6 : Progress of Resettlement of Slum Families in Mega Cities

Name of the City	Number of Tenement / Tanks			Outlay	Expenditure
	Total	Completed	Improper		
				(In crores)	
Chennai	3252	3054	198	35.250	34.200
Madurai (houses)	916	254	662	6.875	4.200
Coimbatore (houses)	916	83	833	6.875	3.100
Total	5084	3091	1693	49.000	41.500

Source: Policy Note on Housing and Urban Development, 2004-05.

The State is also implementing the National Slum Development Programme in all slums of urban centres. Civic amenities and shelter upgradation are being attended to improve the physical quality of life of slum dwellers.

Finances of Urban Municipalities:

All these urban Local Bodies act as institutions that govern the areas under their control. They are autonomous and elected for a period of five years. They manage their own finances supplemented by the Government. Municipalities are classified according to their income.

Table - 7 : Classification of Municipalities

Sl.No.	Grade	Income Range (Rs. in Crores)	Number	% share to total
1.	Special Grade	10 - 50	13	8.6
2.	Selection Grade	6 - 10	28	18.5
3.	1 st Grade	4 - 6	36	23.8
4.	2 nd Grade	2 - 4	25	16.6
5.	3 rd Grade	Less than Rs.2 crores	49	32.5
	Total		151	100.0

Source: Policy Note on Administrative of Urban Local Bodies, Corporations Municipalities and Water Supply.

The special grade municipalities are those with an income of more than Rs.10 crores and less than Rs.50 crores while those with less than Rs.10 crores and greater than Rs.6 crores gets a special grade status. An income limit of Rs.4 to Rs.6 crores is fixed for a first

grade municipality, followed by the second grade with a Rs.2 crore to Rs.4 crore income and the third grade municipality records an income of less than Rs.2 crores.

The Second State Finance Commission (2001) has assessed the requirement of funds for covering the deficiency in core sectors for the year 2002-07 to the tune of Rs.8125.05 crores.

Table - 8
Requirement of Funds for 2002-07 : Second State Finance Commission (2001)
(Rs. crores)

Sl.No.	Service	Corporation	Municipalities	Town Panchayats	Total
1.	Water Supply	506.20	673.38	1409.41	2588.99
2.	Sewerage / Sanitation	409.34	391.28	41.67	842.29
3.	Roads	310.81	204.37	406.51	921.69
4.	Storm Water Drains	747.94	1101.63	684.47	2534.04
5.	Street lighting	43.19	43.58	125.50	212.27
6.	Solid Waste Management	115.95	33.75	20.48	170.18
7.	Others	341.68	231.03	282.91	855.62
	Total	2475.11	2679.02	2970.95	8125.08

Source: Policy Note on Administration of Urban Local Bodies, Corporation, Municipalities and Water Supply, 2004-05.

The recommended capital investments for urban bodies show a maximum allotment for water supply in Town Panchayats which is Rs.2588.99 crores. This might be attributed to the need of water in heavily populated Town Panchayats which face acute depletion of ground water due to closely constructed houses and occurrence of droughts. Storm water drainage assumes the second significant claims with greater thrust for the Municipalities.

Imbalance is noticed in revenue and expenditure during 2001-02, 2002-03 and 2003-04 for Corporations, Municipalities and Town Panchayats, even though they were rising through time.

Table - 9 : Revenue and Expenditure of Corporations, Municipalities and Town Panchayats

Type of Urban Local Bodies	2001-2002		2002-2003		2003-2004	
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
Corporations	283.65	315.99	492.67	444.67	380.50	405.55
Municipalities	634.00	795.30	836.09	792.59	865.69	917.13
Town Panchayats	534.80	577.35	610.95	468.36	672.05	512.20

Source: Performance Budget, 2003-04.

In eight Municipalities around Chennai City, inundation prevention measures in the form of new storm water drains, upgradation of damaged roads, solid waste management, water supply, storm water drain construction and new roads are being carried out at the total cost of Rs.91.74 crores in 2003-04.

Sl.No.	Inundation Prevention Measures	Amount (Rs. in Crores)
1.	Sewerage Schemes	46.55
2.	Solid Waste Management	11.19
3.	Water Supply	10.40
4.	Storm Water Drainage	15.00
5.	Roads	8.60
	Total	91.74

Source: Policy Note on Administration of Urban Local Bodies, Corporation, Municipalities and Water Supply, 2003-04.

Resettlement of the encroachers has gathered momentum. Thus there is a fund allocation in almost all the major cities in Tamil Nadu to resettle these poor migrants.

Table -10 : Funding Pattern for the Resettlement of Encroachers

(Rs. in crores)	
1. Additional Central Assistance	18.00
2. Government of India VAMBAY grant	15.49
3. Mega City Programme loan	25.82
4. NSDP grant	5.82
5. Government grant	2.00
Total	67.13

Source: Policy Note on Housing and Urban Development 2004-05.

The Tamil Nadu Urban Development Fund (TNUDF):

The basic systems and services indispensable for urban development comprises drinking water, sanitation, sewage systems, electricity and gas distribution, urban transport, primary health services and environmental regulation. This urban infrastructure is in the nature of local public good. There are important urban-rural linkages and externalities. Improvement in local public goods in towns and cities which accelerate economic growth in cities impact on rural incomes in neighbouring areas through urban-rural linkages, Cent per cent Foreign Direct Investment is permitted to creation of this infrastructure.

The Tamil Nadu Urban Development Fund (TNUDF) was established on a public-private partnership mode with the participation of ICICI, HDFC and IL & FS to provide a long term debt for civic infrastructure on a non-guarantee basis and to make the urban local bodies sensitive to market conditions. The aim of the TNUDF is two-fold (i) facilitation of capital investment in this sector and (ii) strategical reduction in the imbalances in the infrastructure among urban population by financing qualitative facilities. The World Bank has assessed the TNUDF as a successful project with over 75 per cent disbursement towards asset creation in the Municipal sector within the project period. The fund has so far approved 192 projects at a total project cost of Rs.1070 crores and has sanctioned loan assistance of Rs.604.84 crores cumulatively.

During the financial year 2004-05 it was envisaged to sanction financial assistance of about Rs.50 crores by promoting around 10 urban projects with an outlay of Rs.193 crores. The sector-wise sanctions highlight a substantial 292.97 crore allocation towards the construction of bridges and roads. Next in the order of emphasis is sewerage and sanitation which has become imperative given the rise of multi-storied buildings coming up to provide housing for migrant employees.

Table - 11 : TNUDF's Sector-wise Sanction, 2004-05

(in %)			
Sl.No.	Sector	Amount	Percentage
1.	Bridges and Roads	292.97	48.0
2.	Bus Stations and Market	21.57	4.0
3.	Sewerage and Sanitation	228.51	38.0
4.	Water Supply	50.67	8.0
5.	Storm Water Drainage	5.63	1.0
6.	Others	5.49	1.0
Total		604.84	100.0

Source: Policy Note on Administration of Urban Local Bodies, Corporation, Municipalities and Water Supply.

The Tamil Nadu Urban Development Project-II started at a cost of Rs.750 crores focused on civic projects such as water supply, sanitation, internal roads, solid waste management and other civic amenities.

The National Transport Policy has been drawn-up. Public transport improves energy efficiency of the economy with emphasis on reduction of environmental pollution. It helps to maximise urban-rural linkages and enhance the access of the rural-semi-urban population on the margin of city centres arresting proliferation of slums. Therefore, the major objectives of urban transport system is to ensure efficient affordable public transport link for all.

Metropolitan Area Planning Committee:

Article 243 ZE of the 74th Amendment provides for the constitution of Metropolitan Planning Committees (MPC's) in every Metropolitan area which is defined by the Constitution on an area having a population of 10 lakh or more in one or more districts and or consisting of two or more Municipalities or Panchayats or other areas. This provision accords Constitutional recognition to metro-regional planning. The metro region is the most preferred area for investment in economic activities and infrastructure but these areas are normally deficient in spatial planning. The scope of the MPC covers planning of both the rural and urban areas. At present there is a lack of appropriate planning mechanism of interaction between the rural and urban areas. The 74th Amendment fulfils this gap at the metropolitan level.

The major urban concern is the growing gap between the demand for and supply of basic infrastructure services like safe drinking water, sanitation, sewerage, housing, energy, transport and communication, health and education. Increased urbanisation is accompanied by severe environmental problems which adversely affect the physical quality life of people. In view of this problem an Integrated Urban Management Policy incorporating different facets like development planning, resource mobilisation, capacity-building responsive administration, etc. is the key concern.

Programmes such as Chennai Metro Rail Transit System, Mega City Project, Integrated Development for Small and Medium Town, Accelerated Urban Water Supply Programme are making much head way to meet requirements of water supply, sanitation, solid waste management, urban transport and reduction traffic in congestion.

Measures Undertaken for Up-scaling Urban Development:

The Housing and Urban Policy of our country has evolved since 1950s. The pressure of urban population and lack of housing and basic services was very much evident in the 1950s. The urban policy in the Centre and the States endeavours to come to grips with the changing but myriad issues ranging from provision of basic services like water supply, sewerage and sanitation, housing and livelihood support.

Implementation of various schemes throw up a number of issues like regulation of housing, habitations, zoning and master plan utilisation. There is an acute shortage of land which has hamstrung implementation of well thought out policy initiatives while the urban Land Ceiling Act particularly related issues like release of land for urban development is mixed in controversy and debate, but the result is that urban development is impacted. Equally daunting and challenging is the task of garnering financial resources for urban development. Budgetary constraints and preemption of investible resources by other sectors has served to complicate the funding process for urban development. Devolution of funds to

urban bodies, agencies mobilising funds through innovative financing like Boards, Special Village Panchayats have their own limitations. Ensuring and enforcing collection / recovery of user charges has emerged as an important issue. Ensuring stakeholders contribution like private sector participation in funding and implementation of schemes for urban development pose a challenge to all the stakeholders.

Water Supply:

In urban areas the Urban Accelerated Water Supply Programme is being implemented in order to augment the drinking water supply. Of the total 611 Town Panchayats with the population of 95.97 lakhs, only 124 Town Panchayats get above 75 litres of water per day which constitutes 20 per cent of the total panchayats.

Table - 12 : Status of Water Supply in Town Panchayats

Per Capita availability per day (in litres)	No. of Town Panchayat	% Share
Below 20 litres	32	5.2
20 - 39 litres	166	27.2
40 - 69 litres	289	47.3
70 litres and above	124	20.3
Total	611	100.0

Source: Policy Note on Administration of Urban Local Bodies, Corporation, Municipalities and Water Supply - 2003-04.

The State had been experiencing shortage because of occurrence of droughts for third year in succession. The authorities of Corporations and Municipalities took concrete measures to meet the drinking water requirements, albeit costly.

Rain Water Harvesting:

Table - 13 : Achievements in Water Harvesting

Sl.No.	Items	Number of Structures
1.	Private Buildings Institutions / Commercial buildings	2315520
2.	Streets	2335
3.	Government Buildings	7647
4.	Temple tanks	36977
5.	Road Margins	2546
6.	Corporation and Municipal tanks	409
7.	Bridges and Culverts	365
	Total	23,65,894

Source: Policy Note on Administration of Urban Local Bodies, Corporation, Municipalities and Water Supply - 2004-05.

Water management (both drinking and other purposes) becomes a major issue. The problem gets compounded with recurrent droughts. To solve this problem, rain-water harvesting structures have been constructed on a war footing. Almost all the Government buildings and the private buildings have installed rain water harvesting structures in order to replenish the water table by storing rain water. So far, 23.66 lakh structures had been built.