

13. URBAN DEVELOPMENT

Urban development which represents the holistic development of urban areas is a reflection of the overall creation of economic opportunities and social development. The economic growth of the country is increasingly dependent on the urban areas and their ability to attract investments, increase productivity and continue to provide the focus for service sector activity. As an indicator of economic growth, the process of urbanisation has potential for tax revenue, besides generating additional job opportunities for absorbing the migrant rural labour. Urban Development and the increasing urban population puts severe pressure on existing urban services including water supply, sewerage, solid waste management as well as social infrastructure like schools, hospitals, markets, etc. Further there are environmental costs and constraint due to growth of slums and squatter colonies which pose a challenge to sustainable development.

Urbanisation - An Overview:

A concomitant of economic development and growth has been urbanisation. As per 2001 census in India 28 per cent of population lives in urban. India has always been considered a country that lives in its villages. But increasingly, rural India is moving towards towns and the cities. Tamil Nadu is the most urbanised among the larger states with 43.9 per cent urban population and ranks first in urbanisation among the 15 major states in the country. The high proportion of urban population is mainly due to a change in definition since following the Nagarpalika Act 1994. All the 611 Town Panchayats were brought under the category of statutory towns. The inclusion of Town Panchayat population accounts for approximately 70 per cent of the total decadal increase of 81.64 lakhs in the period 1991-2001.

According to Census of India 2001, the urban population of India was 285.3 million and of Tamil Nadu was 27.5 million. Thus, Tamil Nadu accounted for 6 per cent of the country's total population and 9.6 per cent of country's urban population. While the country's urban population increased from 12 per cent to 28 per cent during 1931-2001, that of Tamil Nadu increased from 18 per cent to 44 per cent. The gross densities of population in major urban centres of Tamil Nadu over the years 1991-2001 have tended to increase.

Table -1: Tamil Nadu Scenario - 2001

Particulars	Tamil Nadu	India	Projection for 2011 for T.N.
Population (Million)	62.4	1028	67.8
% Decadal growth rate (1991-2001)	11.2	21.3	-
Urban population (Million)	27.5	285.3	30.5
% Urban population	44	28	-
% urban decadal growth rate (1991-2001)	43	32	45.0
Density (Persons / sq. km)	480	329	

Source: Census of India, 2001.

By far the most visible problem of urbanisation is the challenge of providing urban basic services. Along with the rapid demographic expansion and the resultant problems of overcrowding, the growing pressure on providing services including water supply, sewerage Solid Waste Management around streets and inadequacy of civic amenities, the need to improve urban infrastructure has been accepted and the thrust on urban development has increasingly become an imperative.

The growth of slums is often a concomitant of development both planned and unplanned. But what is significant is that slum population accounts for 20 per cent of the total population of the State.

Provision of water supply is an area of concern due to the widening gap between the demand and supply of water. As per 2001 census only 70 per cent of urban towns have access to safe drinking water. Underground drainage systems exist only in major urban centres like Salem, Chennai, Coimbatore, Tiruchirapalli, Tirunelveli and Madurai and in 12 Municipalities.

Urban local bodies:

The wide range of civic services required by the urban population can ideally be delivered only through a responsive civic administration. The Urban Local Bodies (ULBs) in Tamil Nadu are taking all possible steps for the delivery of civic services by utilising their own funds along with grants and loans received from the State and Central Governments and other financial institutions. There are 832 urban local bodies in Tamil Nadu which are categorised as given below.

Table - 2: Urban Frame in Tamil Nadu

Category of Urban Local Bodies	Numbers
Corporations	6
Municipalities	152
Cantonments	2
Town Panchayats	561
Census Towns*	111
Total	832

Source: i) Performance Budget 2005-06 of Municipal Administration & Water Supply Dept.
ii) * Census of India, 2001.

Due to the financial crunch the local bodies are unable to take up major capital investment projects involving high risk, longer gestation period and uncertainties. The challenge of reorienting the urbanisation process thus lies in overcoming the infrastructural deficiencies and taking the best advantage of economic momentum inherent in urbanisation. The 73rd and 74th Amendments to the Constitution of India gave constitutional status to Local Self Government to impart "*certainty, continuity and strength*" for devolution of powers to local bodies and for allotment of adequate resources. Thus the ULB have to discharge their duties covering both the obligatory functions as well as discretionary functions.

Table -3: Category-wise Growth Rate of Urban Population in Tamil Nadu

Category	Local Bodies		Population (in lakhs)		Growth rate (%) (Projected)
	1991	2005	1991	2005	
Corporations	3	6	71.35	80.64	13.02
Municipalities / Cantonments	108	154	72.39	111.34	53.81
Town Panchayats	224	561	37.81	76.46	102.22
Census Towns *	134	111	9.22	17.51	89.9
Total	469	832	190.77	285.95	49.89

Source: i) Performance budget 2005-06 of Municipal Administration & Water Supply Dept.
ii) * Census of India, 2001.

Classification of Municipalities and Town Panchayats:

There are six municipal corporations in Tamil Nadu viz., Chennai, Madurai, Coimbatore, Tiruchirappalli, Salem and Tirunelveli. There is a proposal to upgrade Tiruppur Municipality into Tiruppur Corporation during the year 2006-2007. Other than Chennai, rest of the Corporations and 152 Municipalities come under the administrative control of Commissioner of

Municipal administration. These Municipalities and Town Panchayats are classified in to different grades based on their income level and population.

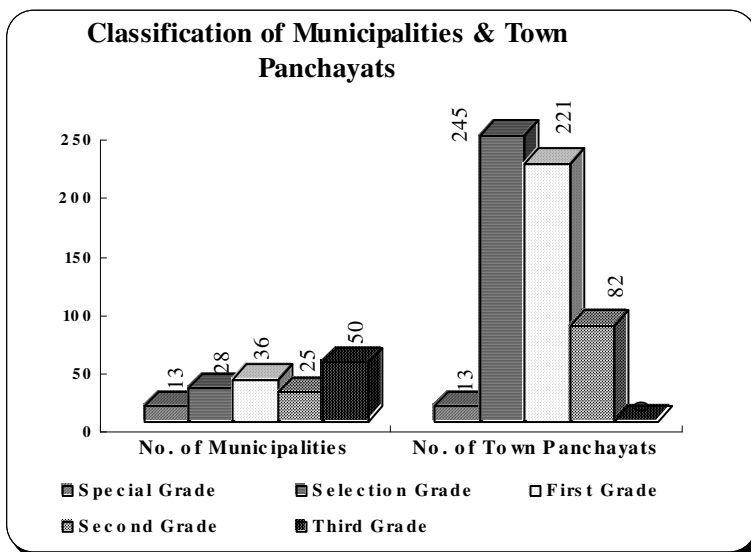


Table – 4: Classification of Municipalities

Sl. No.	Grade	Annual Income (Rs. in crores)	No. of Municipalities	% distribution
1.	Special Grade	Above 5.00	13	8.55
2.	Selection Grade	2.00 – 5.00	28	18.42
3.	First Grade	1.00 – 2.00	36	23.68
4.	Second Grade	Below 1.00	25	16.45
5.	Third Grade	Exceeding 30,000 population	50	32.90
	Total		152	100.00

Source: Performance Budget of Municipal Administration and Water Supply dept., 2005-06.

Table – 5: Classification of Town Panchayats

Sl. No.	Grade	Annual Income (Rs. in lakhs)	No. of Town Panchayats	% distribution
1.	Special Grade	Above 20.00	13	2.32
2.	Selection Grade	16.00 – 20.00	245	43.67
3.	Grade I	8.00 – 16.00	221	39.39
4.	Grade II	4.00 – 8.00	82	14.62
	Total		561	100.00

Source: Directorate of Town Panchayats website, last updated – November, 2006.

Tenth Plan Outlay for Urban Development:

For ULBs an outlay of Rs.5979.20 crores has been sanctioned during the Tenth Five Year Plan. Out of this the State Governments commitment worked out to Rs.2,275.00 crores.

Table –6: Tenth Five Year Plan Outlay for Urban Local Bodies

(Rs. Crores)

Agency / Department	Chennai Metropolitan Development Authority	Town and Country Planning	Municipal Corporation/ Municipalities	Town Panchayat Department	Total	% Share
1. Tamil Nadu Govt. Budgetary support	489.90	1.56	509.56	348.98	1350.00	22.58
2. Loan from HUDCO/TNUDP/ TUFIDCO/TNUDF/ LIC, etc.	418.00	7.00	360.00	140.00	925.00	15.47
3. Total commitment by the State Govt. (1+2)	907.90	8.56	869.56	488.98	2275.00	38.05
4. GOI support	123.00	3.61	1401.88	550.28	2078.77	34.77
5. Own Mobilisation (Pvt. sector)	150.00	0.00	920.65	554.78	1625.43	27.18
Grand Total	1180.90	12.17	3192.09	1594.05	5979.70	100.00

Source: Annual plan – 2005-'06.

Out of the total funds allotted under 10th Plan for ULBs the State's commitment alone accounted for 38.05 per cent, Government of India's share accounted for 34.77 per cent and the funds mobilised by the ULBs and loan component worked out to 27.18 per cent and 15.47 per cent respectively.

Second State Finance Commission (2002-07):

As per the recommendations of the Second State Finance Commission, a sum of Rs.502.20 crores was released to 152 Municipalities and 6 Municipal Corporations out of State's own tax revenue. The amount was released to ULBs in the following proportion.

- 87 per cent towards devolution
- 2 per cent towards reserve fund
- 6 per cent towards equalization fund
- 5 per cent towards incentive fund

In addition to the above, on the recommendations of the 12th Central Finance Commission, the Government of India allotted an amount of Rs.572 crores to the ULBs in Tamil Nadu for 5 years starting from 2005-06. During the year 2005-06, a sum of Rs.82.30 crores was released, of which 50 per cent grant was utilised for solid waste management.

Capital Investments (2002-07):

The Second State Finance Commission recommended a total outlay of Rs.803 crores for Town Panchayats, Rs.650 crores for Municipalities and Rs.975 crores for Corporations. Distribution of this amount according to the services provided is presented in Table-7.

Table- 7: Second State Finance Commission's Recommended Outlay

(Rs. in crores)

Services	Town Panchayats	Municipalities	Corporation	Total	%
Water Supply	403	210	109	722	29.74
Sewerage & sanitation	8	56	108	172	7.08
Road	80	150	296	576	21.66
Storm water drainage	160	72	177	409	16.85
Street lights	16	39	21	76	3.13
Solid waste management	16	26	69	111	4.57
Others	120	65	146	331	13.63
Investments	-	32	49	81	3.33
Total	803	650	975	2428	100.00

Source: Annual plan – 2005-'06.

Among the services, water supply accounted for a higher allocation of 29.74 per cent, followed by Roads (21.66%), Storm water drainage (16.85%) Sewerage and Sanitation (7.08%), Solid Waste Management (4.57%), Street lights (3.13%) and other services (13.63%).

Revenue and Expenditure of ULBs - 2005-06:

The details of revenue receipts and expenditure of Municipalities, Corporations and Town Panchayats for the year 2005-06 as compared to the earlier year (2004-05) are presented below.

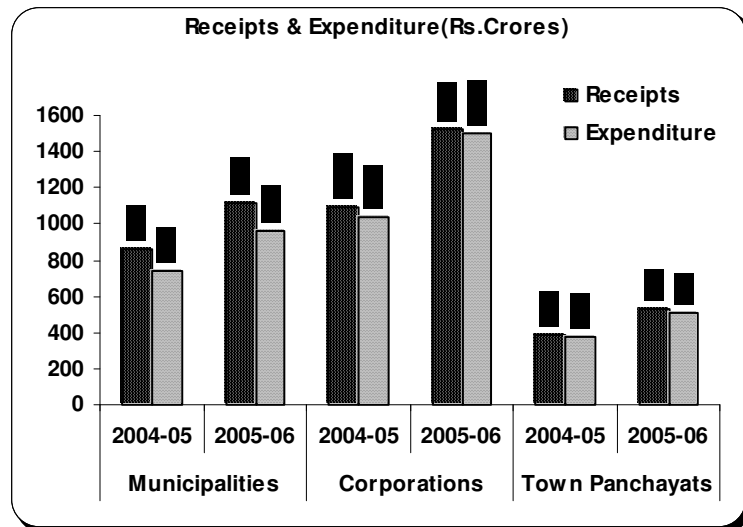
Table- 8:Receipts and Expenditure of Urban Local Bodies

(Rs. in crores)

Urban Local Bodies	2004-05		2005-06	
	Receipts	Expenditure	Receipts	Expenditure
Municipalities	858.67	737.72	1114.14	963.36
Corporations (including Chennai)	1090.16	1036.51	1517.88	1498.62
Town Panchayats	384.65	370.02	531.29	512.58

Source: Performance Budget 2005-06 of Municipal Administration and Water Supply Dept.

It may be inferred from the above table, that the expenditures incurred during 2004-05 and 2005-06 (RE) were less than the revenue receipts. During 2004-05 there was a revenue surplus of Rs.14.63 crores (3.8%) and during 2005-06(RE) the revenue surplus was Rs.18.71 crores (3.52%).



Performance of ULBs during 2005-06:

The ULBs aims at providing outcome based civic services such as protected drinking water, proper drainage and sewerage system, solid waste management, usable public toilets, adequate street lights, roads with clear pathways, control of stray animals, prevention of pollution, public utilities like markets and bus stands, recreational areas, removal of encroachments, etc. By this way it enhances public trust in civic administration and improves overall public health.

Table –9: Details of Basic Amenities provided during 2005-06

Basic Amenities	Municipalities		Corporations		Town Panchayats	
	Physical Units	Financial (Rs.crores)	Physical Units	Financial (Rs.crores)	Physical Units	Financial (Rs. crores}
Roads laid / re-laid (km)	3466.737	305.96	1845.86	209.464	2534.697	114.89
Street lights (Nos.)	9343	6.04	14388	9.49	4576	2.68
Vehicles purchased (Nos.)	3891	28.72	153	11.58	215	2.68
Water supply						
a. Extension of pipe lines (km)	448.09	27.59	159.31	8.66	272.062	3.86
b. Other works (Nos.)	757		158		261	2.98

Source: Performance Budget 2005-06 of Municipal Administration and Water Supply Department. (compiled)

Other works under water supply includes construction of additional overhead tanks, replacement of pump sets and slum improvement works.

Apart from the above services, to prevent the sewerage and sullage water entering into the water bodies, interception and diversion (I&D) works have been taken up by 24 ULBs including four Corporations at a cost of Rs.5.00 crores during 2005-06.

As maternal and child health services are the most important of all the services provided by the ULBs, efforts are taken to reduce the Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR).

At present approximately 10,000 MT of garbage per day is generated in the Municipalities and Corporations. Door to door collection of garbage has been started in all the ULB's and segregation of garbage into Biodegradable and recyclable components is also followed in almost all the ULBs. For the improvement of solid waste management in the Municipalities falling within Chennai Metropolitan Area, the State has released a sum of Rs.8.00 crores during 2005-06.

In Tamil Nadu, out of 152 Municipalities and 5 Corporations (other than Chennai), 15 Municipalities and 4 Corporations have partial underground sewerage system.

State Plan Outlay and Centrally Sponsored Schemes – 2005-06:

Including State's share an amount of Rs.3102.25 lakhs was proposed under Centrally sponsored schemes for the year 2005-06. The following programmes were covered under this.

- Scheme for Integrated Development of Small and Medium Terms – Rs.3000 lakhs.
- Comprehensive piped water supply scheme in excess fluoride affected areas – Rs.102.25 lakhs.
- Mega city programme – Rs.1162 lakhs (outlay finalised after March 2006)

During 2005-06 for Integrated Development of Small and Medium Towns scheme (IDSMT), 102 new projects were sanctioned covering 21 Municipalities at an estimated cost of Rs.45.14 crores and for the mega city programme an amount of Rs.4.46 crores was released to undertake 15 projects.

Under State Plan, an outlay of Rs.25355.51 lakhs had been proposed for the following implementing agencies coming under the purview of urban sector in the following manner during 2005-06.

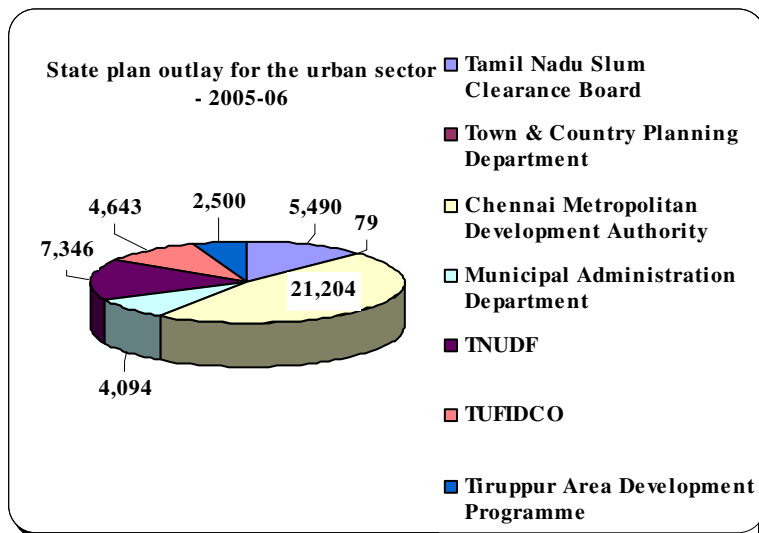


Table-10: State Plan Outlay for the Urban Development Sector during 2005-06
(Rs. in lakhs)

Sl. No.	Agencies	Amount
1.	Tamil Nadu Slum Clearance Board	5489.56
2.	Town & Country Planning Department	78.91
3.	Chennai Metropolitan Development Authority	21204.06
4.	Municipal Administration Department	4093.75
5.	TNVDF	7346.15
6.	TUFIDCO	4643.15
7.	Tiruppur Area Development Programme	2500.00
8.	Other schemes	0.01
	Deduct amount met from infrastructure development fund	(-) 20000.00
	Total	25355.51

Source : Annual plan 2005-06

Urban Reforms:

Tamil Nadu is a pioneer State in introducing urban sector reforms in the entire country. The challenge of urban development calls for major reforms in both the financing and management of urban infrastructure. Based on the experiences from the Five Year Plans, the following three components would form the basis of any future urban work plan viz.,

- i. Need for capacity building within city Governments for efficient and responsive urban service delivery.
- ii. Given the investment requirements, the imperative to access long-term debt and eventually create a market of Municipal debt, thereby linking urban needs with domestic debt market; and
- iii. Since debt financed projects require substantial tariff changes, there is a need for political consensus and participatory project structuring.

The challenges in managing urban reforms are enormous calling for dexterous and innovative interventions.

Urban Development and Poverty Alleviation:

Reducing urban poverty and increasing wage employment is the major challenge of the State. The Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) a special scheme funded by Government of India and Government of Tamil Nadu on 75:25 basis consists of two special components viz., (i) Urban Self-Employment Programme (USCP) and (ii) Urban Wage Employment Programme (UWEP). Under the individual self-employment programme urban poor numbering 3501 were benefited with the Central Government allocation of Rs.9.24 crores and the State's share of Rs.3.08 crores along with the subsidy and bank loan component to the tune of Rs.15.56 crores.

Under group ventures 3933 women were assisted through 3096 DWCUA groups (Development of Women and Children in Urban Areas) with the total fund utilisation of Rs.644.46 lakhs. Skill development training was given to 8122 urban poor with the total allocation of Rs.162.45 lakhs.

Under wage employment programme an amount of Rs.171.64 lakhs was spent for creation of infrastructure for urban poor.

It was proposed to increasingly implement the SJSRY through Self Help Groups and Neighbourhood Groups. Over the next five years, the number of Self Help Groups would increase from the present level of 40,000 to 1,00,000. Such SHGs would also be involved in municipal services which would provide employment avenues to the poor women.

In order to provide all the benefits to the urban poor through SHGs, urban poverty eradication cell has been created in all the ULBs with the assistance of State Urban Development Agency (SUDA).

Jawaharlal Nehru National Urban Renewal Mission:

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM), an ambitious programme to build infrastructure in India's cities and towns was launched on 3rd December 2005 by the Government of India. This programme aims to create economically productive, efficient, equitable and responsive cities and functions as a funding agency for infrastructure building and acts as a reform of legal, institutional and financial constraints.

The JNNURM will support 63 cities, which includes seven 4 million plus mega cities, 28 million plus cities and 28 other sub-million cities.

Box
63 cities identified for upgradation and their funding pattern –

- i. **Seven 4 million mega plus cities:** Mumbai, Kolkatta, Chennai, Delhi, Bangalore, Ahmedabad and Hyderabad.
- ii. **28 million plus cities:** Cities population exceeding Rs.10.00 lakhs- Kanpur, Pune, Nagpur, Lucknow, Jaipur, Bhopal, Coimbatore, Asansol, Kochin, Ludhiana, Madurai, Patna, Surat, Vadodara, Varanasi, Vishagapatnam, Agra, Meerut, Nasik, Jabalpur, Jamshedpur, Agamadabad, Foridabad, Dhanbad, Indore, Amirtsar, Vijayawada and Rajkot.

Funding pattern for the above 2 types is in the following ratio of 35:15:50 by the Centre, State and financial institutions respectively.

- iii. **28 Sub-million cities:** Cities with population less than 10 lakhs such as remaining State capitals and cities of religious, historical and tourist importance like Pondicherry, Gangtok, Shillong and Ujjain.

These cities are funded in the ratio of 80:10:10 by the centre, State and Financial Institutions respectively.

A combined investment by Central Government, State Government and urban local bodies of over Rs. one lakh crore is proposed to be spent on this programme in the next 5 years. Of this the Central government shares Rs.50,000 crores and the State government and local bodies share the remaining Rs.50,000 crores from 1st April 2005 to 31st March 2010.

Though the Centres commitment works out to Rs.10,000 crores annually, in the initial years it is expected to have a time lag in working out the preliminaries calling for bids and awarding contracts.

Table-11: Investment Requirements of the 63 Cities Covered under JNNURM
(Rs. in crores)

Sl. No.	Category	No. of cities	Investment requirements (over 7 years starting 2005-06)	Annual Funds Requirement
1.	Cities with over 4 million population	7	57143	8163.3
2.	Cities with 1.4 million population (10 lakhs to 40 lakhs)	28	57143	8613.3
3.	Cities with less than One million (10 lakhs) population	28	6250	892.9
	Total	63	120536	17219.5

Source: Government of India report by Ministry of Urban Development, Ministry of Urban Employment and Poverty Alleviation.

Over the next seven years, a major portion of the outlay on JNNURM will be in the form of Central grants. The thrust of JNNURM is to ensure improvement in urban governance and service delivery so that ULBs become financially sound and sustainable for undertaking new programmes.

Role of State under JNNURM:

i. Construction of tenements for slum dwellers:

Under JNNURM, there is a proposal to construct tenements for the slum dwellers in the three major cities viz., Chennai, Madurai and Coimbatore with an estimated cost of Rs.3144.12 crores which would be shared in 50:50 basis by the Centre and the State. The above scheme would be implemented over a period of 7 years from 2006-07 and make the three cities slum free before 2006-2013. The number of tenements proposed with their total cost is presented below.

Table-12 :Construction of Tenements

Sl. No.	Name of the City	No. of tenements	Total cost (Rs. in crores)
1.	Chennai	111151	1856.23
2.	Madurai	60257	1006.29
3.	Coimbatore	12730	281.60
	Total	184138	3144.12

ii. Improvement to Water Supply Distribution System:

The improvement works for water supply and sewerage system of Chennai city had been carried out with funds from World Bank, HUDCO, TUFIDCO and other financial institutions. Out of 16 zones selected, improvement work to water distribution stations in four zones and improvement to water distribution system in five zones will be taken up. The above projects along with other rehabilitation works in the old conduits are proposed to be completed in two years starting from 2006-07 at an estimated cost of Rs.338.36 crores. The above fund is expected to be funded by GOI under JNNURM scheme.

National Urban Transport Policy – 2006 :

There was a need to create a Nationwide policy to deal with the rapidly growing problems of urban transport such as explosive growth in the number of motor vehicles coupled with limited road space, severe air pollution created by the growth of motor vehicles, increased cost of travel for the poor and increase in number of accidents particularly on the roads. The National Urban Transport Policy was approved by the union cabinet on 5th April 2006, which seeks to encourage integrated land use and transport planning in cities and focuses on greater use of public transport and non-motorised modes by offering central financial assistance.

The major objective of the policy is to ensure safe, affordable, comfortable, reliable and sustainable access for the growing number of city residents to jobs and education. The policy aims to make our cities the most livable in the world and enable them to become the '*engines of economic growth*'.

Role of the State in Urban Transport Reform:

In order to ease the traffic congestion by removing the major bottlenecks of road and rail net work, number of projects have been undertaken by the State viz., Extension of MRTS, metro rail project, development of outer ring road, park and ride facility at bus terminals, area traffic control system, multi level car parking complexes, etc.

The State has contributed a sum of Rs.473.16 crores for the implementation of Mass Rapid Transit System (MRTS) from Thirumylai to Velachery for a length of 11.17 km. This covers 67 per cent of the total project cost of Rs.733 crores and the remaining 33 per cent will be born by the centre. Similarly, for the extension of MRTS from Velachery to St. Thomas Mount covering a distance of 5 km at a cost of Rs.416 crores, the State and the Centre would share the cost in the ratio of 67:33.

For the development of outer ring road a Detailed Feasibility Report is under preparation to provide 6 lane dual carriage way with service lanes on either side for a length of 33 km (between GST road and Mission town) at a cost of Rs.500 crores.

The Area Traffic Control System (ATCS) with the application of computer based tools for the synchronisation of traffic signals is about to be implemented in the three major travel corridors (Anna Salai, Periyar EVR Salai, Jawaharlal Nehru Salai) of Chennai at a cost of around Rs.4.5 crores. A Detailed Feasibility Report is under preparation for the scheme of multi level car parking complexes at six traffic congested locations at Chennai.