

# URBAN FINANCE

Quarterly Newsletter

National Institute of Urban Affairs



## City Cluster Development Project in South Asia

The Asian Development Bank (ADB) has appointed the Australian International consultant Strategic Planning and Management Services (SPMS) Pvt. Ltd. led by Emeritus Professor Brian H. Roberts to develop a framework to support innovative interventions for City Cluster Development (CCD) in South Asian cities. The project development is being undertaken in association with three national partners, NIUA (India), Centre for Urban Studies (Bangladesh) and SEVANTHA-Urban Resource Centre (Sri Lanka). The three capital city regions that are proposed for the project to develop and test the framework are: Delhi Metropolitan Region, India; Metropolitan Dhaka, Bangladesh and Metropolitan Colombo, Sri Lanka.

The Asian Development Bank has embarked upon a project in three South Asian countries of Bangladesh, India and Sri Lanka, to examine ways to foster the concept of City Cluster Development. It is a way of achieving better economic spatial planning and sustainable development outcomes for cities leading to improved competitiveness, urban management and economic governance.

As part of this project and shaping the CCD strategy, a series of roundtables have been planned. The first roundtable was held on 16th July and the second roundtable was organized on 15th October, 2008 to identify possible opportunities, strategies and initiatives to foster the development of a CCD based

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approach for sustainable development of the national capital cities and other cities in the country, based on the findings of an economic profile study of cities, with particular emphasis on Delhi.

Representatives from the Government, donor agencies, institutions like NCRPB, AMDA, etc, and academicians were part of this roundtable.

Prof. Chetan Vaidya, Director, NIUA presented a brief introduction to the roundtable. He also stressed on the value of the feedback received from the discussants, which will help streamline the further tasks of the project. This was followed by keynote remarks by Dr. Kyeong -Aee Choe, Principal Urban Development Specialist, ADB, wherein she explained the role of ADB in CCD with special reference to India.

She emphasized that the CCD approach embarks upon understanding the economic spheres of influence of a city region taking advantage of economies of scale and kick start growth potential in industries. Adoption of a CCD approach in cities in other parts of the world have demonstrated that this has also generated better job opportunities for the poor beyond the administrative boundaries, but within the virtual boundaries of economic function of urban areas.

Prof. Brian Roberts, delivered a presentation on CCD - Context and Process highlighting the CCD concept, its relation with city competitiveness, features of an industry cluster with the help of example of an electronic cluster, and the concept of strategic architecture to support CCD.



*Prof. Usha Raghupathi, Mr. Noor Mohammad, Prof. Chetan Vaidya, Prof. Brian Roberts, Dr. Kyeong-Aee Choe and Representative from Aus-Aid participating in the roundtable discussions*



Prof. V.K. Dhar and Mr. Sandeep Thakur gave presentation on Fostering Urban led Development Strategy for India. Spatial dimensions of economic and industrial development in Delhi

Metropolitan Area was elaborately brought out Mr. Rajveer Singh, consultant,



NIUA. Prof. Mukesh Mathur detailed out the role of private sector in infrastructure financing. The presentations were followed by discussions and feedback from the participants.



*Participants attending the deliberations of the Roundtable*

### Rajasthan Municipalities Ordinance 2008

The Rajasthan Government introduced a new municipal law on September 26, 2008. Based on the Model Municipal Law, it has many enabling provisions to implement various reforms under JnNURM like: (a) introducing tax on land and buildings on unit area basis, (b) forming Area Sabha for community participation, (c) establishing MPCs and DPCs, (d) making town planning a municipal function, (e) introducing rainwater harvesting, (f) encouraging public - private partnership, (g) introducing improved accounting, (h) introducing public disclosure, (i) setting up SFC and implementing its recommendations, etc. There are also some very innovative enabling provisions for issue of municipal bonds, comprehensive debt limitation policy, setting up a municipal service cadre, etc. The Ordinance divided various municipal functions into core, government assigned and other functions. However, water supply and sewerage is not identified as core function but a state assigned function. The Ordinance will help the state achieve urban decentralization.

## Cleaner Living for Millions

### Launch of National Urban Sanitation Policy 2008

Ministry of Urban Development, Government of India organized a workshop on November 12, 2008 to launch National Urban Sanitation Policy aiming at sanitizing all cities and towns of the country. The policy aims to ensure and sustain good public health and environment outcomes for the citizens with a special focus on hygienic and affordable sanitation facilities for urban poor and women. It also aims at awareness generation, behavioral change, elimination of open defecation, integrated citywide sanitation, safe disposal and proper operation and maintenance of all sanitary installations.

The main components of the policy are financial assistance for states in developing and implementing innovative strategies to accord priority to urban sanitation and city level plans and Detailed Project Reports, promoting public private partnership, knowledge development on sustainability issues and capacity building for delivery of sanitation services.

The policy envisages annual rating schemes for all Class-I cities and institution of an annual award. The award will recognize the achievement of cities in sanitation improvement at national level.

### NIUA Signs Institutional Membership Agreement with UNESCO-Led Indian Heritage Cities Network

NIUA and UNESCO-led Indian Heritage Cities Network (IHCN), signed an Institutional Membership Agreement on 28th November 2008 to promote the urban heritage of India. The meeting was graced by Ms. Minja Yang, Director, UNESCO Representative to India, Bangladesh, Bhutan, Nepal, Maldives and Sri Lanka, Ms. Nicole Bolomey, Programme Specialist for Culture, UNESCO office in New Delhi and Dr. Anil Kumar Roy, Coordinator, IHCN, UNESCO, New Delhi. The following areas of collaboration have been visualized under this institutional partnership:

- o Capacity building of NIUA and PEARL initiatives in this area;
- o IHCN to support PEARL initiatives under this Institutional membership agreement;
- o NIUA to disseminate the knowledge and information of IHCN with 63 JnNURM cities under the PEARL programme; and
- o NIUA to support IHCN by providing research and training/workshop facilities.

## Compendium on Public-Private Partnership in Urban Infrastructure

Key message of the Urban Infrastructure Development conclave; "Public-Private Partnership- The Learning Curve", organized by the Confederation of Indian Industry (CII) and the Ministry of Urban Development (MoUD), Government of India on November 11, 2008 was that with right policies and proper regulatory framework in place, private investments will emerge as a source of finance that will bridge the financing gap and add to the viability of the urban projects.

During the event, a compendium titled 'Public Private Partnership in Urban Infrastructure' was also released. This document compiled by MoUD and CII has case studies relating to PPP initiative in urban infrastructure. It highlights the commendable work being done by urban local bodies in the country and is expected to serve as a source of learning and sharing of experiences.

The compendium brings out some of the PPP initiatives in the fields of water supply and sewerage, solid waste management, urban transportation, etc.



## Urban Land Title Certification in Rajasthan : Promoting Transparency

One of the reforms under the Jawaharlal Nehru National Urban Renewal Mission (JnNURM) is to introduce Property Title System in Urban Local Bodies. This reform along with computerisation of the process of registration of land and property will help bring in an efficient real estate market where transactions, i.e., sale and purchase of properties, can take place smoothly in a transparent manner. The Rajasthan State Government issued an Ordinance in October 2008 to provide for survey and maintenance of record of urban lands and certification of titles.

*Urban Land Title Certification Authority:* The ordinance enables the State Government or urban local body to carry out a land survey in an urban area. It also enables the State Government to establish and appoint of Urban Land Title Certification Authority for the purpose of receiving applications, scrutinizing the documents, verification from relevant official records including the records kept by the local urban bodies. A person who holds title of any urban land immediately before the commencement of this Ordinance may, and the person who acquires title of any urban land after the commencement of this Ordinance shall, apply to the Authority for the certificate of title under the provisions of this Act, in such manner and within such time as may be prescribed. The Authority, after verification of the documents would issue a provisional certificate of title for a period of two years without claiming any guarantee whatsoever on behalf of the State Government. The Authority may, after expiry of the said period, issue a permanent certificate of title.

*Certification Cum Guarantee Charges:* Every person, who seeks a certificate of title under the provisions of this Act, shall be liable to pay, by way of certification cum guarantee charges 1% of the prevailing rates of the land for the purpose of levying Stamp Duty on instruments to which certificate relates. This amount will be kept in a separate fund to meet out the expenses of the Authority.



## Affordable Housing For All

The Ministry of Housing and Urban Poverty Alleviation, Government of India constituted a High Level Task Force under the Chairmanship of Mr. Deepak Parekh, Chairman, Housing Development Finance Corporation Ltd. (HFDC) to 'look into the various aspects of providing affordable housing for all'. Some of terms of reference for the task force include: (a) developing innovative financial instruments for bringing flexibility in the housing market, (b) recommending ways and means of enhancing accessibility of EWS/LIG groups to housing with suitable government support, (c) recommending measures for promotion of low cost building technologies, (d) identifying steps for accelerating supply of housing units for the urban poor.

The Task Force submitted a report in December 2008, which is organized in seven sections, beginning with a brief account of the issues relating to affordable housing and a discussion on the concept of affordability. Following sections deal with fiscal and financial frameworks, cost-effective technological options and institutional support to achieve the goal of affordable housing for all. The closing remarks in the last section of the report reiterate and re-emphasize the strong linkages between housing and the economy. It suggests of constituting a Inter-Ministerial Group to focus on 'Housing and Economy'.

*State Guarantee :* The State Government shall stand as guarantor for the genuineness and authenticity of the title to the extent specified in permanent certificate issued by the Authority. Any person, who enters into an agreement for consideration with the titleholder on the basis of a permanent certificate of title issued under this Act and thereby incurs any loss due to any defect of title other than that specified in the certificate, shall be entitled to be compensated by the Authority. However the compensation payable shall not exceed the amount of the value of the land to which the certificate relates calculated at the rates for purpose of Stamp Duty prevalent at the time of issue of the certificate.

## EVENTS

### Organized / Supported by NIUA

#### ❁ North-East Region Review Workshop on JnNURM, Shillong

MoUD organized a review workshop on JnNURM for North-East Region in association with the Government of Meghalaya in Shillong on September 22, 2008. It was attended by Mr. P. K. Srivastava, Joint Secretary, MoUD, Mr. Harish Chandra, Advisor, HUD, Planning Commission, Prof. Saswat Bandopadhyay, CEPT, Prof. Chetan Vaidya, NIUA and state and city officials from Assam, Meghalaya, Manipur, Arunachal Pradesh, Sikkim, Nagaland and Mizoram. Mr. Srivastava gave a brief background of JnNURM project. He said that MoUD has approved projects for all states of the North-East region but implementation of reforms has been slow. Prof. Chetan Vaidya presented process of reform implementation under JnNURM. Representatives of all the states/cities made presentations on status of projects and reforms. They brought out various issues and problems of implementing the reforms in the region.

#### ❁ CTAG-CVTC Formation In Rajkot

On 21<sup>st</sup> October, 2008 the Municipal Corporation of Rajkot organized a one-day city consultation for establishing City Technical Advisory Group (CTAG) - City Volunteer Technical Corps (CVTC) under JnNURM with the support of NGO-Unnati. The meeting was chaired by Ms. Sandhyaben, Mayor and Mr. H Brahmabhatt, Municipal Commissioner, Rajkot.

Ms. Nitika, National Technical Advisory Group (NTAG)



Group Photograph of Participants

made detailed presentation on sharing experiences and learning's from other Mission cities where CTAG-CVTCs have been formed (Madurai, Coimbatore, Jaipur, Patna and Raipur). The presentation also briefed on Community Participation Fund and the kind of projects that can be sent under this programme and encouraged the corporation as well as the civil society members to make full use of this initiative by MoUD and participate in their city's development.

The roles and responsibilities of CTAG-CVTC were shared by Mr. Binoy Acharya, Director, Unnati and all the prospective CTAG-CVTC members were given a chance to present their views with regards to the urban issues of Rajkot. Mr. Vijay Anandkat, Team Leader, Rajkot Municipal Corporation shared the projects being undertaken in the city under the Mission.

#### ❁ Presentation on Urban Governance In Australia

Prof. Peter A. Murphy, Dean Faculty of the Built Environment, University of New South Wales (UNSW), Australia gave a talk on Urban Governance Issues in Australia at NIUA on October 7, 2008.

In his presentation, Prof. Murphy identified various issues on Urban Governance in Australia. He specifically focused on issues related to urban renewal, increasing population

density, globalization of cities, affordable housing, climate change, viability of public transport. Prof. Peter Murphy also briefly touched on characteristics of metropolitan employment centers, aspects of how cities function, as spatial and economic systems, built environment services and evidence-based planning.



Dr. Behnam Ta'i and Prof. Peter Murphy discussing urban governance issues

In last few decades, the Government is keen to increase density in metropolitan cities. With this changing urban situation, Australian cities offer lessons for Indian cities. Prof. Murphy mentioned that he would like NIUA to have academic and research linkages with UNSW.

#### ❖ Presentation on D-City Project

Ms. Davina Jackson from Sydney, Catalyst of the D\_City (Data Cities) research network, talked to the research fraternity of NIUA on 14 November 2008. D\_City aims to co-ordinate global support for advanced digital research to accelerate ecological solutions in planning, building and managing eco cities.

#### ❖ Presentation on Property Tax Reforms In India

NIUA is documenting Best Practices in Property Tax Reforms in India, wherein the study proposes to examine the issues reforming the property tax system in various parts of the country. To facilitate the research team of NIUA two presentations were organized by Mr. R.M. Kapoor and Prof. Gangadhar Jha on 19 and 20 November 2008 respectively.

Mr. R.M. Kapoor, Institute of Local Governance of Synergy, Kolkata (Formerly Director, Times Research Foundation) made a presentation detailing out the rationale of unit area method of assessment system in urban India. He also explained importance of various factors in the tax assessment like location, use, age of property, etc.

Prof. G. Jha, presently Principal Consultant-Urban in Infrastructure Professional Enterprise has vast experience in state and local government finance, economic development, fiscal analysis and economic review, creating enabling environment in municipal management, training and capacity building and revenue enhancement. He explained in detail the three systems of property tax- Annual Rental Value, Capital Value System and Site Value System. Prof. Jha also threw light on the valuation and assessment practice, rate structure and ways of improving collection efficiency.

#### ❖ Participation in the Metropolis-2008

Prof. Chetan Vaidya, participated in 9th World Congress of METROPOLIS 2008 in Sydney from 22-25 October. The Congress's overall theme was Connecting Cities' highlighting the increasing importance of cities, as principal hubs of international interaction.

It was an important event to bring essential concerns and provide concrete answers to the challenges of the day in terms of transport, urbanism, public health, environment, development and governance.

Prof. Vaidya delivered a presentation on Creative Financing of Urban Infrastructure in India through Market based financing and PPP options.



*Prof. Chetan Vaidya at the Metropolis in Sydney, Australia*

#### ❖ NIUA's e-governance Team visits Jaipur Municipal Corporation

NIUA's e-governance team comprising of Mr. R.K. Dahiya, Ms. Sangeeta Vijn, Ms. Indu Senan and Mr. T. C. Sharma visited Jaipur Municipal Corporation (JMC) on 1-2 December, 2008 to explore initiatives and issues of e-governance in JMC.

The team had various meetings with the JMC officials and Oswal Computers and consultants Pvt. Ltd. who



*Mr. R.K. Dahiya, Ms. Sangeeta Vijn and Mr. T.C. Sharma from NIUA with Mr. Anand Mohan at the e-Grievance Cell, Jaipur*

have designed, developed and deployed the e-governance system in JMC.

Mr. Akhil Arora, IAS, Chief Executive Officer, JMC briefed the team about the e-governance initiative. Team also visited the Directorate of Local Bodies to look at the functioning of the Grievance Redressal System in Jaipur. Mr. Anand Mohan, IFS, at DLBs, explained the implementation and functioning of the call center for a fully blown e-Grievance Cell.

### ✿ Study Tour to South Asia by NIUA Research Faculty

A team from NIUA comprising Prof. Mukesh Mathur, Dr. Debjani Ghosh and Ms. Paramita Dey visited Manila, Singapore and Bangkok during 22 -26 September, 2008 to study innovative urban water resources management programmes with a focus on water supply policy and reforms.

The team held meetings with senior officials of Metropolitan Waterworks and Sewerage System, Manila Water Company and Mayniland Water Services, Manila. In Singapore, the team visited Public Utility Board, Singapore Cooperation Enterprise and visited Bedok Used Water treatment plant. The final visit was to Bangkok where the NIUA team had discussions with Provincial Waterworks Authority of Thailand. The visit to the Ayuthala water works with a treatment and processing plant as well as a sewage treatment plant about 50 kms from Bangkok along with visit to low income household locations completed the trip.

### ✿ Study Visit to Sri Lanka

Prof. V.K. Dhar, NIUA visited Colombo to attend the second roundtable facilitated by SEVANATHA-Urban Resource Centre under CCD Project on 16 October, 2008. Prof. Dhar delivered a presentation on the CCD in the urban India referring to the spatial and economic development scenario in the country.

He also visited Export Processing Zones of Seethawake, Katunayake and Biyagana on the peripheries of Colombo city along with officials of Urban Resource Centre.



### Leaders For Our Cities

*Nitin Desai  
President, NIUA*

*A fully empowered, directly elected mayor is necessary in all mega-cities. Lack of political authority has led to poor accountability. Desai illustrates his statement with examples of Mumbai during the terror attacks or massive floods. He urged citizens' movement for urban governance reform that can lead to a fully empowered mayor for mega-cities supported by national-level politicians.*

*Full article in Business Standard, December 18, 2008*

### ✿ Study Visit to Poland

On 9-11 December 2008, Prof. V.K. Dhar visited Poland for the Local Government Climate Sessions (LGCS) on the occasion of the 2008 United Nations Climate Change Conference. The trip was sponsored by ICLEI-South Asia, which has a mission to help cities in South Asian Region in their efforts to promote sustainable development.



*Prof. Dhar with other participants during a field tour in Poznan, Poland*

The LGCS event facilitated a dialogue between the local sphere of government-national and supranational, multilateral bodies and international organisations. Local governments have sent a clear message to the national governments that they want their role recognized as necessary partners to address climate change.

❖ **Participation in Policy Research on Taxation in Informal Economies**

Dr. Debolina Kundu, NIUA attended a weeklong workshop on policy research on 'Taxation in Informal Economies with reference to India' under the Local Government Initiative fellowship programme, Budapest, Hungary during 6 to 11 November, 2008.

**CALL FOR URBAN INITIATIVES**

NIUA welcomes contributions on initiatives related to urban reforms, best practices, latest happenings relating to JnNURM in different states or ULB's for publication in the Peer Experience and Reflective Learning (PEARL)-Update newsletter. Best Practices Format to send entries can be downloaded from [www.indiaurbanportal.in](http://www.indiaurbanportal.in) and [www.niua.org](http://www.niua.org)

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**Increasing Urban Disparities Predicted For 2026**

The Technical Group on Population Projection chaired by the Registrar General and Census Commissioner, India projected India's population for 2001-2026 in 2006. Total population is expected to increase from 1029 million to 1400 million during 2001-2026. It is interesting to know that 67% of the total population growth in 25 years is expected to take place in urban areas.



Urban population is expected to increase from 286 million in 2001 to 534 million in 2026. Of the total population increase in population, 50% during the 25 years is likely to occur in seven less developed states, namely, UP, MP, Rajasthan, Bihar, Chatisgarh, and Jharkhand. However urban growth is going to take place in UP, and developed states of Maharashtra, Gujarat, TN, Karnataka, and Delhi. These six developed states are likely to account for 45% of urban growth over coming 25 years. This analysis has important implication for future urban policy in India.

Source: *The Technical Group on Population Projection, National Commission on Population, 2006*