

## V. Agenda of Reforms

The thrust of the JNNURM is to ensure improvement in urban governance and service delivery so that ULBs become financially sound and sustainable for undertaking new programmes. It is also envisaged that, with the charter of reforms that are followed by the State governments and ULBs, a stage will be set for PPPs.

The agenda of reforms is given in the section below. The National Steering Group (NSG) may add additional reforms to identified reforms. A Memorandum of Agreement (MoA) between States/ULBs/Parastatal agencies and the Government of India, a prerequisite for accessing the Central assistance, would spell out specific milestones to be achieved for each item of reform.

All mandatory and optional reforms shall be completed within the Mission period.

### I. Mandatory Reforms

#### (1) Mandatory Reforms at the Level of ULBs, and Parastatal Agencies

- (a) Adoption of modern accrual-based double entry system of accounting in ULBs and parastatal agencies.
- (b) Introduction of a system of e-governance using IT applications, such GIS and MIS for various services provided by ULBs and parastatal agencies.
- (c) Reform of property tax with GIS. It becomes a major source of revenue for ULBs and arrangements for its effective implementation so that collection efficiency reaches at least 85 per cent within next seven years.
- (d) Levy of reasonable user charges by ULBs and Parastatals with the objective that the full cost of O&M or recurring cost is collected within the next seven years. However, cities and towns in the North East and other special category States may recover only 50 per cent of O&M charges initially. These cities and towns should graduate to full O&M cost recovery in a phased manner.
- (e) Internal earmarking, within local bodies, budgets for basic services to the urban poor.
- (f) Provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation. Delivery of other existing universal services of the government for education, health and social security is ensured.

#### 2) Mandatory Reforms at the Level of States

- (a) Implementation of decentralisation measures as envisaged in 74th Constitutional Amendment Act. The State should ensure meaningful association and engagement of ULBs in planning the function of parastatal agencies as well as the delivery of services to the citizens.
- (b) \*Repeal of ULCRA.

- (c) \*Reform of Rent Control Laws balancing the interests of landlords and tenants.
- (d) Rationalisation of Stamp Duty to bring it down to no more than 5 per cent within next seven years.
- (e) Enactment of the Public Disclosure Law to ensure preparation of medium-term fiscal plan of ULBs and parastatal agencies and release of quarterly performance information to all stakeholders.
- (f) Enactment of the Community Participation Law to institutionalise citizen's participation and introduce the concept of the Area Sabha in urban areas.
- (g) Assigning or associating elected ULBs with "city planning function". Over a period of seven years, transferring all special agencies that deliver civic services in urban areas to ULBs and creating accountability platforms for all urban civic service providers in transition.

\* *Note: In respect of people oriented schemes relating to water supply and sanitation, the under-mentioned State level mandatory reforms may be taken as optional reforms:*

- b) *Repeal of Urban Land Ceiling and Regulation Act*
- c) *Reform of Rent Control Act*

## 2. Optional Reforms (common to States, ULBs and Parastatal Agencies)

The following optional reforms are expected to be undertaken by ULBs, parastatal agencies and State governments:

- (a) Revision of bye-laws to streamline the approval process for construction of buildings, development of site etc.
- (b) Simplification of legal and procedural frameworks for conversion of land from agricultural to non-agricultural purposes.
- (c) Introduction of Property Title Certification System in ULBs.
- (d) Earmarking at least 20-25 per cent of developed land in all housing projects (both public and private agencies) for EWS and LIG category with a system of cross subsidisation.
- (e) Introduction of computerised process of registration of land and property.
- (f) Revision of byelaws to make rain-water harvesting mandatory in all buildings and adoption of water conservation measures.
- (g) Byelaws for reuse of recycled water.
- (h) Administrative reforms i.e. reduction in establishment costs by adopting the Voluntary Retirement Scheme (VRS), not filling posts falling vacant due to retirement etc., and achieving specified milestones in this regard.
- (i) Structural reforms.
- (j) Encouraging PPP.

*Note: Cities under the JNNURM will have the freedom to opt for any two reforms from the optional category in each year of implementation.*