

# Appraisal of City Development Plan Haridwar

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## **Appraisal of City Development Plan: Haridwar**

The City Development Plan (CDP) of Haridwar gives a good idea about the situation in the city, its future perspective and vision, and the investment plan for the city. Three aspects, however, were completely missing in the first draft of the CDP that was submitted in December 2006 and reviewed by the National Institute of Urban Affairs (NIUA) i.e. (i) the existing situation analysis was not supposed to be based on any sample survey but should be based on the real situation analysis and the supporting data was expected to be gathered concerned institutions which were involved in the provision of urban basic services in the city, (ii) Capital Investment plan was provided for 2025 and no estimates for the purpose were provided for the JNNURM period and (iii) Financial Operating Plan (FOP) was not provided. A number of suggestions were made and city officials were asked to incorporate additional information in the revised CDP as discussed in Annex 1.

### ***City's response after the first set of comments:***

Based on the initial submission of the CDP, the comments mentioned above were communicated to the city. As is clear from these comments, the CDP needed major revisions. A compliance note was received by NIUA on 15 March 2007 followed by detailed discussions on 23 March 2007 and the revised CDP was sent to NIUA on 21 May 2007, which further needed some clarifications. The third revised and final version of the CDP was submitted on June 5 2007, which was again appraised by the Institute.

### ***NIUA's response:***

The revised CDP has incorporated most of the comments made on the earlier draft CDPs. Chapter 8 has been rewritten which is titled as "City Investment Plan, Strategies and Implementation Plan". The sectoral city investment plan for the JNNURM period and financial operating plan have also been incorporated in this chapter.

There are major changes in the revised CDP; however, the authorities have shown their data limitations at the city level. For instance, in Section 3.1.3 on Situation Analysis, it has been quoted "Adequate secondary data at household level on water supply, sanitation, solid waste management etc. are not available. Consequently, data from socio-economic survey at household level were analysed and the findings are discussed in this section. Wherever secondary data is available, these are used in the situation analysis, supplemented by further field studies."

Considering the conditions prevailing in the city we accept what has been presented in the CDP for the present. But it is required that the city will provide more information in this regard in a year's time which would not be based on socio-economic survey and should be based on the real databases maintained at the city level. The Ministry of Urban Development may take appropriate action in this regard.

**Subject to the caveats/qualification mentioned above, the CDP is now in accordance with JNNURM toolkit number 2.**

## **Annex 1**

### **Appraisal of City Development Plan: Haridwar (First round)**

The City Development Plan (CDP) of Haridwar gives a good idea about the situation in the city, its future perspective and vision, and the investment plan for the city. However, there are certain serious problems in the methodology adopted in the analysis to arrive at the status of service delivery and service coverage.

The CDP has been divided into eight chapters. Chapter one and two are on introduction and city profile. Chapter 3 is titled as “Situational Analysis-Problems and Opportunities” which presents the socio economic profile, economic development, physical growth and environmental aspects, municipal infrastructure and heritage/tourism. Chapter four is on urban governance and the institutional set up. Chapter five and eight are related to financial profile of institutions and capital investment plan respectively. Chapter six and seven deals with SWOT analysis, vision, and sector strategies.

#### **1. Situation Analysis-Problems and Opportunities**

The CDP has not dealt adequately with the issues related to the coverage and the level of the basic services such as water supply, storm water drainage, solid waste management etc. such as what percentage of population and what percentage of area is covered with these services. The section on socio economic profile in Chapter 3, “Situation Analysis-Problems and Opportunities”, is mainly dependent on a sample survey, which covered 440 households from Haridwar. The sample size comes to just 1.3 percent of the total households in the town. The survey used stratified sampling technique to draw samples from wards as primary sampling units (PSU) at the first stage, census enumeration blocks (CEB) from each PSU in the second stage and finally in third stage, households were selected within each CEB. The results of this sample survey are presented in five socio economic groups namely, below poverty line (BPL), poor families, lower middle-income group, upper middle-income group and high-income group. The sections of this chapter namely, income and expenditure, migration and situation analysis (service levels and coverage) with respect to water supply, sanitation and sewerage, solid waste management, storm water drainage, roads and street lights, health and hygiene and municipal services etc. are entirely dependent on this sample survey.

The existing situation analysis was not supposed to be based on any sample survey but should be based on the real situation analysis. The data was to be collected from the institutions concerned with the provision of urban services in the city. Performance indicators for these sectors need to be provided and analysed in the CDP. The vision and strategies cannot be arrived at on the basis of a sample survey.

Further the analysis of economic base of the city (page 26) is also questionable, as the CDP states “No data-based assessment of the economic base of the city is possible as, essential town-wise economic information is not readily available”.

Section 3.4 (page 43) on municipal infrastructure reveals that 47 percent of the town’s population lives in slums, these types of conclusions, which are based on a small sample survey, cannot be relied upon. Assumptions made to arrive at the per capita per day availability of water are also doubtful, because there are two types of projections of floating population available in the CDP. Table 3.4.3 indicates that the floating population is 1.6 lakhs whereas annex 3.1.1 gives the projected floating population as 21,000 for the year 2005.

The decision on priorities reached through the stakeholders’ consultation process is entirely different from the priority of projects provided in city investment plan. Other sections of this chapter are quite informative and are well written.

## **2. Institutional Arrangements:**

Overall, the chapter on “Urban Governance and Institutional Set Up” is well written. There are eleven institutions involved in the provision of urban infrastructure and urban services. Table 4.1 explains very well about the functions and the institutions involved in planning and design, execution and operation and maintenance related activities. However, the CDP does not provide the functional domain of HNNP, which would have given a clear picture of the responsibilities of HNNP. It would also have highlighted the status of incorporation of eighteen functions of the Twelfth Schedule of the Seventy Fourth Constitutional Amendment. It is important to know at this stage which of the eighteen functions are being performed by HNNP and which are the functions that are in the pipeline to be transferred to HNNP.

## **3. Financial Profile of HNNP and Other Agencies:**

Chapter 5 of the CDP reviews and analyses the existing financial situation of key agencies involved in the execution and maintenance of municipal infrastructure works. Income and expenditure details are provided well for Haridwar Nagar Palika Parishad (HNPP), Uttaranchal Jal Sansthan (UJS)-Haridwar Division and Haridwar Development Authority (HDA).

### HNPP

HNPP has a small functional domain and so has smaller fiscal powers as well. Section 5.3 provides a detailed analysis of HNPP finances. The revenue receipts of HNPP increased from Rs.85.8 million in 2001-02 to Rs.98.5 million in 2005-06. The corresponding figures for revenue expenditure were Rs.84.7 million and Rs.97.1 million respectively. The share of state

government grants were around 63% to 72% in revenue receipts whereas the own revenue receipts of HNPP ranged from 37% to 28% as a share of revenue receipts during the last five-year period. The main source of own revenues are house/property tax and non-tax receipts. HNPP's own revenue receipts declined from Rs.31.8 million to Rs.27.6 million at an annual rate of (-) 3.5 percent during the time period 2001-02 to 2005-06 whereas the state government grants increased from Rs.54.1 million to Rs.70.9 million at an annual rate of 6.8 percent. This shows that the HNPP's dependence on state government grants has been increasing at a much faster rate than that of realization of its own revenue receipts. The main reason for the decline in own revenue receipts is due to a sharp decline in own tax receipts which is due to transfer of water tax to UJS-Haridwar Division in the year 2002-03. Water charges are also to be levied and collected by the UJS after the year 2001-02. On the other hand, on the expenditure side, on an average, twenty two percent of revenue expenditure has been incurred on operation and maintenance works. In the past five-year period, on an average, around seventy five percent of the revenue expenditure has been on establishment and salaries. This is understandable because most of the functions of HNPP are staff oriented functions. Operation and maintenance works related to water supply were handed over to UJS-Haridwar Division in the year 2002 and there is sharp decline in establishment and salaries head in the year 2002-03 but after that it has started rising again. The reason for this rise in expenditure during the period of 2003-04 to 2005-06 could not be understood from the data provided.

The main problem with the city's finances is that the powers delegated to HNPP under the Municipal Act have not been realised much HNPP and it continues to depend substantially on state government grants. There is considerable room for review and revision of the current tax rates. Un-assessed properties, mainly located in the newly developed areas of the city, are still to be brought into the property tax base. Tax rates are not being revised regularly as the last revision was made in the year 2000-01. The demand to collection ratio in case of property tax is around 60 to 66 percent. These are the main reasons for lower collections from own revenue receipts.

#### UJS-Haridwar Division

UJS is responsible for delivery of water supply and sewerage service since 2002-03. Section 5.5 provides an analysis of UJS finances. The revenue receipts of UJS increased from Rs.14.7 million in 2003-04 to Rs.23.1 million in 2005-06. The corresponding figures for revenue expenditure were Rs.39.5 million and Rs.42.5 million respectively. Interestingly this expenditure does not include expenditure on electricity usage by the UJS. On an average, expenditure on power charges comes to Rs.15 million which is paid by the state government. It clearly indicates that the UJS's financial situation is weak and it is highly dependent on state government financial assistance, which pays its entire electricity bill. On the other hand, on the expenditure side, only about 11 percent of revenue expenditure is incurred on operation

and maintenance works. While the share of electricity expenses averages around 36 percent for the past three years, the expenditure on establishment and salaries head is 53 percent.

The main problem with the finances of UJS is its high level of dependency on state government grants. The collection to demand ratio is a mere 25 percent. There is an outstanding balance of Rs.68 million against the total demand of water related taxes and charges etc. as on 31<sup>st</sup> March 2006.

### HDA

One of the main functions of HDA is preparing master plan and implementation of building byelaws, provision of housing, roads and bridges, slum development and poverty alleviation. Section 5.4 provides an analysis of HDA finances. The revenue receipts of HDA has increased from Rs.26 million in 2001-02 to Rs.44.5 million in 2005-06. The corresponding figures for revenue expenditure were Rs.41.8 million and Rs.18.5 million respectively. Development charges is the main source of income for HDA's which contributes, on an average, 23.5 percent of the total receipts followed by compounding fee and stamp duty which contribute 19 and 15 percent respectively. Other sources of income are land conversion charges, map submission fee, stacking charges etc.

On the other hand, on the expenditure side, about 64 percent of revenue expenditure is made on development works followed by establishment and salaries head (33.5 percent). HDA earned a profit in 2004-05 and 2005-06 and posted losses during the period 2001-02 to 2003-04. Overall, the present financial position of HDA is good as there are no outstanding loans payments towards the development authority. The funds have been invested in fixed deposits and the balance with local banks amounts to Rs.146 million.

#### **4. Vision and Strategies:**

Chapter six presents the strengths, weaknesses, opportunities and threats (SWOT analysis) at the city level based on the existing situation analysis and on the results of extensive participatory consultations with primary and secondary stakeholders. Further the city vision and the sector strategies have been developed considering the issues identified in the SWOT analysis. The major problem with this chapter is that it is based on the existing situation analysis, which in turn is based on a small sample survey that is highly questionable.

#### **5. Capital Investment Plan**

Chapter eight gives a fair idea about the capital investment plan, strategies and implementation plan. The total estimated capital investment required for providing efficient services to the present and future population of HNPP by the year 2025 is Rs.4610 crores. Of this, projects for Rs.2919 crores are being proposed for roads and transport which is about 63

percent of the total identified investment, followed by Rs.954 crores for urban renewal and redevelopment which comes to 21 percent. Sector Investment Plan is also well presented and provides detailed information on the topic.

### **Summary of Capital Investment – Haridwar**

<b>Sl. No.</b>	<b>Sector</b>	<b>Capital Investment (Rs. crores)</b>
1	Roads and Transport	2919.3
2	Urban renewal and redevelopment	954.2
3	Urban poor/Slums	231.2
4	Storm water drainage	188.3
5	Water supply	120.2
6	Solid waste management	78.5
7	Sewerage and sanitation	68.6
8	Heritage and Tourism	31.6
9	Street Lights	18.0
	<b>Total</b>	<b>4609.9</b>

#### **6. Financial Operating Plan and Investment Sustenance Plan:**

Haridwar is eligible for 80% grant from the Central Government, the state government share would be 10% and the remaining 10 percent is to be contributed by HNPP and parastatals. Steps are being initiated to meet the requirements of mandatory and optional reforms at the ULB/Parastatal level in order to strengthen the financial system and improve the financial management in these agencies. According to the CDP, modalities for meeting 50% of the operation and maintenance cost, as per the JNNURM guidelines, would be worked out and implemented.

The CDP has not provided any financial operating plan (FOP).

#### **7. Expected Improvements**

The following need to be provided in the CDP to improve it:

1. In-depth analysis of the existing situation, covering the demographic, economic, financial, infrastructure, physical, environmental and institutional aspects based on data collected from concerned institutions.
2. Explanation of physical and financial inefficiencies in the provision of services at the city level.

3. Development of a perspective and vision (short term, medium term and long term) for the city using the situation analyses (as mentioned above) and incorporating the results of stakeholder consultations.
4. Functional domain of the agencies involved in the provision of basic services in the city especially highlighting the problems related to overlapping functional domain of multiple agencies.
5. Make appropriate population projections for JNNURM time period.
6. Strategies for resource augmentation of city-level institutions to reduce their dependency on state government grants and other transfers.
7. Prioritisation of projects with adequate reasoning.
8. Linking of goals and vision with the existing situation.
9. Detailed information on agency-wise strategies and capital investment plan.
10. Complete financial operating plan giving a short term, medium term and long-term visions.