

**Jawaharlal Nehru**  
**National Urban Renewal Mission**  
Government of India

**MODIFIED GUIDELINES**  
(SUB-MISSION FOR URBAN INFRASTRUCTURE AND  
GOVERNANCE)

JnURM



GOVERNMENT OF INDIA  
Ministry Of Urban Development

**MODIFIED GUIDELINES**  
**FOR PROJECTS OF JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL**  
**MISSION ON URBAN INFRASTRUCTURE & GOVERNANCE**

(September, 2006)

*JnURM*

## **1. Need for Jawaharlal Nehru National Urban Renewal Mission (JNNURM)**

As per 2001 population census 285.35 million people reside in urban areas. It constitutes 27.8% of the total population of the country. In post-independence era while population of India has grown three times, the urban population has grown five times. The rising urban population has also given rise to increase in the number of urban poor. As per 2001 estimates, the slum population is estimated to be 61.8 million. The ever increasing number of slum dwellers causes tremendous pressure on urban basic services and infrastructure. In order to cope with massive problems that have emerged as a result of rapid urban growth, it has become imperative to draw up a coherent urbanization policy/strategy to implement projects in select cities on mission mode.

## **2. Mission Statement**

Reforms driven, fast track, planned development of identified cities with focus on efficiency in urban infrastructure/services delivery mechanism, community participation and accountability of Urban Local Bodies (ULBs)/Parastatals towards citizen.

## **3. Mission Strategy**

- i. Planned urban perspective frameworks for a period of 20-25 years (with 5 yearly updates) indicating policies, programmes and strategies of meeting fund requirements would be prepared by every identified city. This perspective plan would be followed by preparation of Development Plans integrating land use with services, urban transport and environment management for every five year plan period.

- ii. Cities/Urban Agglomerations/Parastatals will be required to prepare Detailed Project Reports for undertaking projects under identified areas.
- iii. Private Sector Participation in development, management and financing of Urban Infrastructure would be clearly delineated.
- iv. Funds for the identified cities would be released to the designated State Nodal Agency, which in turn would leverage, to the extent feasible, additional resources from the financial institutions/private sector/capital market.
- v. Funds from Central and State Government will flow directly to the nodal agency designated by the State, as grant. The nodal agency will disburse central assistance to ULBs or para-statal agencies as the case may be, as soft loan or grant-cum-loan or grant.
- vi. A revolving fund will be created to meet the operation and maintenance costs of the assets created under the Mission.

#### **4. Mission Objectives**

- a) Focused attention to integrated development of infrastructural services in the cities covered under the Mission.
- b) Secure effective linkages between asset creation and asset management so that the infrastructural services created in the cities are not only maintained efficiently but also become self-sustaining over time.
- c) Ensure adequate investment of funds to fulfill deficiencies in the urban infrastructural services.

- d) Planned development of identified cities including peri-urban areas, outgrowths, urban corridors, so that urbanization takes place in a dispersed manner.
- e) Scale up delivery of civic amenities and provision of utilities with emphasis on universal access to urban poor.
- f) To take up urban renewal programme, i.e., re-development of inner (old) cities area to reduce congestion.

## **5. Duration of the Mission**

The duration of the Mission would be seven years beginning from 2005-06. During this period, the Mission will seek to ensure sustainable development of select cities. An evaluation of the experience of implementation of the Mission would be undertaken before the commencement of Eleventh Five Year Plan and if necessary, the programme calibrated suitably.

## **6. Scope of Mission Programme**

The main thrust of the sub-Mission on Urban Infrastructure and Governance will be on major infrastructure projects relating to water supply including sanitation, sewerage, solid waste management, road network, urban transport and redevelopment of inner (old) city areas with a view to upgrading infrastructure therein, shifting industrial/commercial establishments to conforming areas, etc.

## 7. **Mission Components**

**7.1 Admissible Components** - Projects pertaining to the following will be admissible under the Sub-Mission on Urban Infrastructure and Governance.

- i. Urban Renewal i.e redevelopment of inner (old) city areas [this would include items like widening of narrow streets, shifting of industrial/commercial establishments from non-conforming to 'conforming' areas to reduce congestion, replacement of old and worn-out water pipes by new/higher capacity ones, renewal of sewerage/drainage/solid waste disposal systems, etc].
- ii. Water Supply (including de-salination plants) and sanitation
- iii. Sewerage and Solid Waste Management
- iv. Construction and improvement of drains/storm water drains
- v. Urban Transport, including roads, highways/expressways/ MRTS/metro projects.
- vi. Parking lots/spaces on Public Private Partnership basis
- vii. Development of heritage areas
- viii. Prevention & rehabilitation of soil erosion/landslides only in case of Special Category States where such problems are common and
- ix. Preservation of water bodies.

**NOTE:** Land cost will not be financed except for acquisition of private land for schemes/ projects in the North Eastern States & hilly States viz Himachal Pradesh, Uttarakhand and Jammu & Kashmir.

**7.2 Inadmissible Components** - Projects pertaining to the following will not be admissible under the Sub-Mission :

- i. Power
- ii. Telecom
- iii. Health
- iv. Education
- v. Wage employment programme & staff component

## 8 Mission Coverage

Keeping in view the paucity of resources and administrative constraints in taking up all cities and towns under this intensive urban infrastructure improvement programme, it is suggested that under JNNURM only selected cities/Urban Agglomerations (UAs) as per 2001 Census will be taken up, as per norms/criteria mentioned below:

A	Cities/UAs with 4 million plus population as per 2001 census	07
B	Cities/UAs with 1 million plus but less than 4 million population as per 2001 Census	28
C	Selected Cities/UAs (State Capitals and other cities/UAs of religious/historic and touristic importance)	28

Complete list of cities/Urban Agglomeration/towns covered under the Mission are given at Annexure – I.

8.1 The cities should have elected bodies in position.

## 9. Urban Reforms

9.1 The main thrust of the revised strategy of urban renewal is to ensure improvement in urban governance so that Urban Local Bodies (ULBs) and para-statal agencies become financially sound with enhanced credit rating and ability to access market capital for undertaking new programmes and expansion of services. In this improved environment, public-private participation models for provisioning of various services would also become feasible. To achieve this objective, State Governments, Urban Local Bodies and para-statal agencies will be required to accept implementation of an agenda of reforms. The proposed reforms shall broadly fall into two categories:-

- i. Mandatory reforms
- ii. Optional reforms

List of mandatory and optional reforms is at Annexure-II.

**9.2** All the mandatory and optional reforms shall be implemented by the State/ULB/Para-statal within the mission period.

**9.3** However, for schemes relating to water supply and sanitation, the following State level mandatory reforms may be treated as optional reforms:-

- a. Repeal of Urban Land Ceiling and Regulation Act;
- b. Amendment of Rent Control Act;

## **10. Memorandum of Agreement (MOA)**

The State Governments and the ULBs including para-statal agencies where necessary would execute Memorandum of Agreement (MoA) with Government of India indicating their commitment to implement identified reforms. MoA would spell out specific milestones to be achieved for each item of reform. Signing of MoA will be a necessary condition to access Central assistance. This tripartite MoA would be submitted along with Detailed Project Reports (DPRs). The central assistance will be predicated upon the State Governments and the ULBs/Parastatals agreeing to the reforms platform.

## **11. National Steering Group**

**11.1** To steer the Mission objectives, a National Steering Group will be constituted. The composition of the National Steering Group will be as follows:

- i. Minister of Urban Development                      Chairman
- ii. Minister for HUPA    Co-Chairperson



iii.	Secretary (HUPA)	Member
iv.	Secretary, Planning Commission	Member
v.	Secretary (Expenditure)	Member
vi.	National Technical Advisor	Member
vii.	Secretary (Urban Development)	Member-Convener

**11.2** National Steering Group may add additional reforms to the identified reforms.

**11.3** National Steering Group may consider addition or deletion of cities/towns under Category-C (other than State capitals) based on the suggestions received from State Governments. The number of cities under the Mission shall, however, remain around 60.

## **12. Mission Directorate**

There shall be a Mission Directorate under the charge of Joint Secretary in Ministry of Urban Development for ensuring effective coordination with State Governments and other agencies for expeditiously processing the project proposals. National Technical Advisor shall be one of the Members of Directorate. The Mission Directorate will process the project proposals received from State Governments and place them before Central Sanctioning and Monitoring Committee for consideration.

## **13. Appraisal of Projects**

Detailed Project Reports would be scrutinized by the Technical wings of the Ministry or if necessary by specialized/technical agencies before placing such proposals for sanction by Central Sanctioning and Monitoring Committee.

## **14. Sanction of projects under the Mission**

**14.1** There would be a Central Sanctioning & Monitoring Committee in the Ministry of Urban Development for sanctioning the projects submitted by identified states, which would comprise-

1.	Secretary (UD)	Chairman
2.	Secretary (HUPA)	Member
3.	Secretary, Ministry of Finance (Deptt. Of Expenditure)	Member
4.	Principal Adviser (HUD), Planning Commission	Member
5.	Secretary, Ministry of Environment & Forests	Member
6.	Secretary, Ministry of Social Justice and Empowerment	Member
7.	Joint Secretary & FA, Ministry of Urban Dev	Member
8.	Chief Planner, TCPO	Member
9.	Adviser, CPHEEO	Member
10.	CMD, HUDCO	Member
11.	Joint Secretary (UD)	Member-Secretary

**14.2** Central Sanctioning and Monitoring Committee as mentioned above is authorized to appraise and sanction projects costing upto Rs.500 crore under the Sub-Mission for Urban Infrastructure and Governance without further reference to the Expenditure Finance Committee (EFC)/Cabinet Committee on Economic Affairs (CCEA). However, projects costing above Rs.100 crore will require approval of Minister of Urban Development and Finance Minister, in each case. All projects costing above Rs.500 crore will be approved by the competent authorities as envisaged in Ministry of Finance (Department of Expenditure) O.M.No.1(26)-E.II(A)/2002 dated 21.12.2002 as amended from time to time.

**14.3** The Committee would assign higher priority in sanctioning projects of urban renewal, water supply including sanitation, sewerage, solid waste management, drainage, urban transport including roads.

**14.4** Projects with private sector participation will be given priority over projects to be executed by ULBs/Parastatals themselves, as this will help leverage private capital and bring in efficiencies.

## **15. Advisory Group**

In addition, at the National level, an Advisory Group would be constituted for the Mission/sub-Mission. The Group would be headed by a Technical Adviser drawn from civil society with proven experience in mobilizing collective action for reforms in urban governance. The group would enable the Mission to create similar voluntary Technical Corps in each city identified for the Mission/sub-Mission. It would encourage private sector participation, citizen's involvement in urban governance at grass root level and transparency in municipal governance.

## **16 State Level Steering Committee**

At the State level, a Steering Committee would be set up by each State for deciding and prioritizing the projects under the Mission. The Steering Committee would comprise:

- |      |  |               |
|------|--|---------------|
| i.   | Chief Minister of the State/<br>Minister of Urban Development/Minister<br>of Housing | Chairman      |
| ii.  | Minister, Urban Development/   | Vice-Chairman |
| iii. | Minister, Housing  | Member        |
| iv.  | Concerned Mayors/Chairpersons of Urban<br>Local Bodies (ULBs)                        | Member        |
| v.   | MPs/MLAs (to be decided by the State)  | Member        |
| vi.  | Secretary (PHE)  | Member        |

vii.	Secretary (MA)	Member
viii.	Secretary (Finance)	Member
ix.	Secretary (Housing)	Member
x.	Secretary (UD)	Member-Secretary

## **17. Nodal Agency**

The Steering Committee at the State Level would be assisted by the nodal agency identified by the State Government for implementation of JNNURM. The nodal agency would, inter-alia, perform following functions:-

- a. Appraisal of projects submitted by ULBs/Para-statal agencies;
- b. Obtaining sanction of State Level Steering Committee for seeking assistance from Central Government under JNNURM;
- c. Management of grants received from Central and State Government;
- d. Release of funds to ULBs/Para-statal agencies either as grant, or soft loan or grant cum loan.
- e. Management of Revolving Fund
- f. Monitoring physical and financial progress of sanctioned projects;
- g. Monitoring implementation of reform as entered into MoA.

## 18. Financing Pattern

18.1 Financing of projects under the Mission would be as under:

Category of Cities/Towns/UAs	Grant		ULB or Para-Statal Share/Loan from Financial Institutions
	Centre	State	
Cities/UAs with 4 million plus population as per 2001 census	35 %	15 %	50 %
Cities/UAs with million plus but less than 4 million population as per 2001 census	50%	20%	30%
Cities/towns/UAs in North Eastern States and Jammu & Kashmir	90%	10%	-
Cities/UAs other than those mentioned above	80%	10%	10%
For setting up de-salination plants within 20 Kms. from sea-shore and other urban areas predominantly facing water scarcity due to brackish water and non-availability of surface source.	80%	10%	10%

18.2 Central assistance, as aforesaid, would be the maximum assistance available under JNNURM.

18.3 In case any JNNURM project is also approved as Externally Aided Project (EP), the EAP funds can be passed through as ACA to the State Government as funds contributed by State/ULBs/FIs and JNNURM funds can be used as GoI contribution.

18.4 If necessary, internal resources of implementing agencies, Member of Parliament Local Area Development and Member of Legislative Assembly Local Area Development funds may be substituted for institutional finance.

**18.5** In case of Urban Transport projects, the standard pattern of assistance of 35% will not apply. The CCEA, while considering any such project proposal, may decide the level of equity and/or loan to be provided by the Central Government.

**18.6** In order to prepare **City Development Plan (CDP), Detailed Project Reports (DPRs)**, training & capacity building, community participation, information, education and communication (IEC), a provision of 5% of the Central grant or the actual requirement, whichever is less, may be kept for sanction to cities/towns covered under the Mission.

**18.7** In addition, not more than 5% of the Central grant or the actual requirement, whichever is less, may be used for Administrative and Other Expenses (A&OE) by Centre and the States. However, the Centre's share shall not exceed 1% of the Central grant.

## **19. Release of Funds**

**19.1** Funds would be released as Additional Central Assistance (100% Central Grant in respect of central share) to the State Government or its designated State Level Nodal Agency. The nodal agency will disburse central assistance to ULBs or para-statal agencies as the case may be as soft loan or grant-cum-loan or grant. However, grant-cum-loan may be sanctioned in such a manner that 25% of central and state grant put together is recovered and ploughed into Revolving Fund to leverage market funds for financing of further investment in infrastructure projects. At the end of the Mission period, the Revolving Fund may be graduated to a State Urban Infrastructure Fund.

**19.2** The first instalment of 25% will be released on signing of Memorandum of Agreement by the State Government/ULB/Para-Statal for implementation of JNNURM projects. The balance amount of assistance shall be released as far as possible in three instalments upon receipt of Utilisation Certificates to the extent of 70% of the grants (Central & State) and subject to achievement of milestones agreed

for implementation of mandatory and optional reforms at the State and ULB/Parastatal level as envisaged in the Memorandum of Agreement.

## **20. Outcomes of Jawaharlal Nehru National Urban Renewal Mission**

On completion of the Mission period of seven years, it is expected that ULBs/Parastatals will achieve the following outcomes:-

- (a) Modern and transparent budgeting, accounting, financial management systems, designed and adopted for all urban services and governance functions
- (b) City-wide framework for planning and governance will be established and become operational
- (c) All urban residents will be able to obtain access to a basic level of urban services
- (d) Financially self-sustaining agencies for urban governance and service delivery will be established, through reforms to major revenue instruments
- (e) Local services and governance will be conducted in a manner that is transparent and accountable to citizens
- (f) e-Governance applications will be introduced in core functions of ULBs/Parastatals resulting in reduced cost and time of service delivery processes.

## **21. Monitoring progress of projects sanctioned under the Mission**

- Ministry of Urban Development will periodically monitor the scheme through designated Officers of this Ministry for each State/ UT.

- State level nodal agency would send quarterly progress report to the Ministry of Urban Development.
- Upon completion of the project, nodal agency through the State Government would submit completion report in this regard.
- Central Sanctioning & Monitoring Committee may meet as often as required to sanction and review/monitor the progress of projects sanctioned under the Mission.
- Monitoring of progress of implementation of reforms would be outsourced to specialized/technical agencies.



**ANNEXURE-I****List of identified cities/urban agglomerations (UA) as per 2001 Census**

Sl. No.	City/UA	Name of the State	Population (in lakh)
<b>a)</b>	<b>Mega Cities/UAs</b>		
1.	Delhi	Delhi	128.77
2.	Greater Mumbai	Maharashtra	164.34
3.	Ahmedabad	Gujarat	45.25
4.	Bangalore	Karnataka	57.01
5.	Chennai	Tamil Nadu	65.60
6.	Kolkata	West Bengal	132.06
7.	Hyderabad	Andhra Pradesh	57.42
<b>b)</b>	<b>Million-plus Cities/UAs</b>		
1.	Patna	Bihar	16.98
2.	Faridabad	Haryana	10.56
3.	Bhopal	Madhya Pradesh	14.58
4.	Ludhiana	Punjab	13.98
5.	Jaipur	Rajasthan	23.27
6.	Lucknow	Uttar Pradesh	22.46
7.	Madurai	Tamil Nadu	12.03
8.	Nashik	Maharashtra	11.52
9.	Pune	Maharashtra	37.60
10.	Cochin	Kerala	13.55
11.	Varanasi	Uttar Pradesh	12.04
12.	Agra	Uttar Pradesh	13.31
13.	Amritsar	Punjab	10.03
14.	Visakhapatnam	Andhra Pradesh	13.45
15.	Vadodara	Gujarat	14.91
16.	Surat	Gujarat	28.11
17.	Kanpur	Uttar Pradesh	27.15
18.	Nagpur	Maharashtra	21.29
19.	Coimbatore	Tamil Nadu	14.61
20.	Meerut	Uttar Pradesh	11.61
21.	Jabalpur	Madhya Pradesh	10.98
22.	Jamshedpur	Jharkhand	11.04
23.	Asansol	West Bengal	10.67
24.	Allahabad	Uttar Pradesh	10.42
25.	Vijayawada	Andhra Pradesh	10.39
26.	Rajkot	Gujarat	10.03
27.	Dhanbad	Jharkhand	10.65
28.	Indore	Madhya Pradesh	16.40
<b>c)</b>	<b>Identified cities/UAs with less than one million population</b>		
1.	Guwahati	Assam	8.19
2.	Itanagar	Arunachal Pradesh	0.35
3.	Jammu	Jammu & Kashmir	6.12
4.	Raipur	Chhattisgarh	7.00

5.	Panaji	Goa	0.99
6.	Shimla	Himachal Pradesh	1.45
7.	Ranchi	Jharkhand	8.63
8.	Thiruvananthapuram	Kerala	8.90
9.	Imphal	Manipur	2.50
10.	Shillong	Meghalaya	2.68
11.	Aizawal	Mizoram	2.28
12.	Kohima	Nagaland	0.77
13.	Bhubaneswar	Orissa	6.58
14.	Gangtok	Sikkim	0.29
15.	Agartala	Tripura	1.90
16.	Dehradun	Uttaranchal	5.30
17.	Bodh Gaya	Bihar	3.94
18.	Ujjain	Madhya Pradesh	4.31
19.	Puri	Orissa	1.57
20.	Ajmer-Pushkar	Rajasthan	5.04
21.	Nainital	Uttaranchal	2.20
22.	Mysore	Karnataka	7.99
23.	Pondicherry	Pondicherry	5.05
24.	Chandigarh	Punjab & Haryana	8.08
25.	Srinagar	Jammu & Kashmir	9.88
26.	Mathura	Uttar Pradesh	3.23
27.	Hardwar	Uttaranchal	2.21
28.	Nanded	Maharashtra	4.31

Note: National Steering Group may consider addition or deletion of cities/UAs/towns under Category-C (other than State Capitals) based on the suggestions received from State Governments. The number of cities under the Mission shall, however, remain around 60.

**1. MANDATORY REFORMS**

There will be two sets of mandatory reforms. Core reforms at ULB/Parastatal level aims at process re-engineering through deployment of technology to enable more efficient, reliable, timely services in a transparent manner. The other set of reforms are framework related at State level.

**1.1 Urban Local Body / Parastatal level Reforms**

- i. Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies/Parastatals
- ii. Introduction of system of e-governance using IT applications like, GIS and MIS for various services provided by ULBs/Parastatals.
- iii. Reform of property tax with GIS, so that it becomes major source of revenue for Urban Local Bodies (ULBs) and arrangements for its effective implementation so that collection efficiency reaches at least 85% within next seven years.
- iv. Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance or recurring cost is collected within next seven years. However, cities/towns in North East and other special category States may recover at least 50% of operation & maintenance charges initially. These cities/towns should graduate to full O&M cost recovery in a phased manner.
- v. Internal earmarking within local body, budgets for basic services to the urban poor.
- vi. Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuing delivery of other already existing universal services of the Government for education, health and social security.

## 1.2 State Level Reforms

- i. Implementation of decentralization measures as envisaged in 74<sup>th</sup> Constitution Amendment Act. States should ensure meaningful association/engagement of ULBs in planning function of parastatals as well as delivery of services to the citizens.
- ii. \* Repeal of Urban Land Ceiling and Regulation Act.
- iii. \* Reform of Rent Control Laws balancing the interests of landlords and tenants.
- iv. Rationalisation of Stamp Duty to bring it down to no more than 5% within next seven years.
- v. Enactment of Public Disclosure Law to ensure preparation of medium-term fiscal plan of ULBs/Parastatals and release of quarterly performance information to all stakeholders.
- vi. Enactment of Community Participation Law to institutionalize citizen participation and introducing the concept of Area Sabha in urban areas.
- vii. 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 schemes relating to water supply and sanitation, the under mentioned State level mandatory reforms may be taken as optional reforms:-

- i. Repeal of Urban Land Ceiling Act
- ii. Reform of Rent Control Act

## **2. OPTIONAL REFORMS (Common to State and ULBs/Para-statal)**

- i. Revision of bye-laws to streamline the approval process for construction of buildings, development of sites etc.
- ii. Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.
- iii. Introduction of Property Title Certification System in ULBs.
- iv. Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross subsidization.
- v. Introduction of computerized process of registration of land and property.
- vi. Revision of bye-laws to make rain water harvesting mandatory in all buildings and adoption of water conservation measures.
- vii. Bye-laws for reuse of recycled water.
- viii. Administrative reforms i.e. reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.
- ix. Structural reforms
- x. Encouraging Public Private Partnership

- NOTE:**
1. Any two optional reforms to be implemented together by State & ULBs/Parastatals in each year.
  2. All the reforms (mandatory as well as optional) shall be implemented by State/ULB/Parastatal within the Mission period.

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