

Chapter 1 Introduction

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched on 3 December 2005 with the objective of reforms-driven, fast track development of cities across the country, with focus on efficiency in urban infrastructure, service delivery mechanism, community participation and accountabilities of ULBs / Parastatal¹ agencies towards citizens. An investment of more than ₹ 1,00,000 crore during the seven year period from 2005-06 to 2011-12 was envisaged in the mission. The share of the Central Government was committed to be ₹ 50,000 crore. State Governments and Urban Local Bodies were expected to contribute the remaining ₹ 50,000 crore. The Central Government's Share was revised to ₹ 66,084.65 crore in 2009.

The mission was conceived against the background of the fact that most cities and towns were severely stressed in terms of infrastructure and service availability and their growth and development was constrained by indifferent implementation of the Constitution (seventy-fourth) Amendment Act, 1992², and continuation of statutes, systems and procedures that impeded the operation of land and housing markets. It was also felt that in order to make cities work efficiently and equitably, it was essential to create incentives and support urban reforms at state and city levels; develop appropriate enabling and regulatory frameworks; enhance the creditworthiness of municipalities; and integrate the poor with the service delivery system.

1.1 Objectives and expected outcomes of the Mission

The objectives of JNNURM were:

- a) Focused attention to integrated development of infrastructural services in the cities covered under the Mission.
- b) Establishment of linkages between asset-creation and asset-management through a slew of reforms for long-term project sustainability.
- c) Ensure adequate funds to meet the deficiencies in urban infrastructural services.
- d) Planned development of identified cities including peri-urban³ areas, outgrowths and urban corridors leading to dispersed urbanization⁴.
- e) Scale-up delivery of civic amenities and provision of utilities with emphasis on universal access to the urban poor.
- f) Special focus on urban renewal programme for the old city area to reduce congestion; and

¹ Statutory agencies of state governments, which are assigned the responsibility for delivering services e.g. water, sewerage etc. In this context, the term has been used for urban agencies.

² Twelfth Schedule was added in the Constitution which provides devolution by State Legislature of powers and responsibilities upon municipalities.

³ Immediately adjoining an urban area; between the suburbs and the countryside.

⁴ Urbanization is the physical growth of urban areas as a result of global change or the increase in proportion of the total population becomes concentrated in towns. (As per Wikipedia – free encyclopedia website)

- g) Provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation and ensuring delivery of other existing universal services of the government for education, health and social security.

The period of the Mission was seven years, from 2005-06 to 2011-12. According to the overview of the scheme guidelines, the expected outcomes to be achieved by ULBs and parastatal agencies on completion of the mission period were:

1. Modern and transparent budgeting, accounting and financial management systems will be designed and adopted for all urban services and governance functions.
2. City-wide framework for planning and governance will be established and become operational.
3. All urban residents will be able to obtain access to a basic level of urban services.
4. Financially self-sustaining agencies for urban governance and service delivery will be established through reforms to major revenue instruments.
5. Local services and governance will be conducted in a manner that is transparent and accountable to citizens.
6. E-governance applications will be introduced in core functions of ULBs/Parastatal resulting in reduced cost and time of service delivery processes.

1.2 Sub missions of JNNURM

JNNURM consisted of two sub-missions. Sub-mission for '**Urban Infrastructure and Governance (UIG)**' (**Sub-mission I**) administered by Ministry of Urban Development (MoUD). The main thrust of this sub-mission was on infrastructure projects relating to water supply and sanitation, sewerage, solid waste management, road network, urban transport and redevelopment of old city areas.

Sub-mission II for Basic Services for Urban Poor (BSUP) was administered by Ministry of Housing and Urban Poverty Alleviation (MoHUPA). The main thrust of this sub-mission was on integrated development of slums through projects for providing shelter, basic services and other related civic amenities.

65 mission cities were covered under UIG and BSUP. To cater to the remaining cities and towns, two components were envisaged, 'Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT)' and 'Integrated Housing and Slum Development Programme' (IHSDP) with the same broad objectives as envisaged in UIG and BSUP.

Other than infrastructure and housing projects, the objective of JNNURM was to also provide an enabling environment for growth of cities by enhancing effective urban service delivery and civic infrastructure through improvements in urban management, land management, financial management and stakeholder participation in local governance. State Governments and Urban Local Bodies were thus, required to accept an agenda of reforms⁵.

⁵ Implementation of reforms as per accepted timeline

Though the mission period was contemplated till March 2012, the Planning Commission, in January 2012, agreed to make the budgetary provisions for two years beyond the mission period for completion of projects.

1.3 Mission cities

65 cities were identified as Mission Cities under UIG and BSUP sub-missions of JNNURM. These were taken up as per Census 2001 and as per given norms/criteria indicated below:

Table No. 1.1: State wise and category wise list of 65 mission cities / Urban Agglomerations (UAs) as per 2001 Census

S. No.	Name of State/UT	Category A -Mega Cities /UAs (4 million plus population)	Category B -Million plus cities /UAs (1 million plus but less than 4 million population)	Category C - Identified Cities /UAs (less than one million population with religious / historic and tourist importance)
1.	Andhra Pradesh	Hyderabad	Vishakhapatnam, Vijayawada	Tirupati
2.	Arunachal Pradesh	-	-	Itanagar
3.	Assam	-	-	Guwahati
4.	Bihar	-	Patna	Bodh Gaya
5.	Chandigarh	-	-	Chandigarh
6.	Chhattisgarh	-	-	Raipur
7.	Dadra & Nagar Haveli	-	-	-
8.	Daman & Diu	-	-	-
9.	Delhi	Delhi	-	-
10.	Goa	-	-	Panaji
11.	Gujarat	Ahmedabad	Vadodara, Surat, Rajkot	Porbandar
12.	Haryana	-	Faridabad	-
13.	Himachal Pradesh	-	-	Shimla
14.	Jammu & Kashmir	-	-	Jammu, Srinagar
15.	Jharkhand	-	Jamshedpur, Dhanbad	Ranchi
16.	Karnataka	Bangalore	-	Mysore,
17.	Kerala	-	Cochin	Thiruvananthapuram
18.	Madhya Pradesh	-	Bhopal, Jabalpur, Indore	Ujjain
19.	Maharashtra	Greater Mumbai	Nashik, Pune, Nagpur	Nanded
20.	Manipur	-	-	Imphal
21.	Meghalaya	-	-	Shillong
22.	Mizoram	-	-	Aizawal
23.	Nagaland	-	-	Kohima
24.	Odisha	-	-	Bhubaneshwar, Puri
25.	Puducherry	-	-	Puducherry
26.	Punjab	-	Ludhiana, Amritsar	-
27.	Rajasthan	-	Jaipur	Ajmer-Pushkar
28.	Sikkim	-	-	Gangtok
29.	Tamil Nadu	Chennai	Madurai, Coimbatore	-
30.	Tripura	-	-	Agartala
31.	Uttar Pradesh	-	Lucknow, Kanpur, Meerut, Allahabad, Varanasi, Agra	Mathura
32.	Uttarakhand	-	-	Dehradun, Nainital, Haridwar
33.	West Bengal	Kolkata	Asansole	-
34.	Lakshadweep	-	-	-
35.	Andaman & Nicobar Island	-	-	-
	Total	7	28	30

Source: Annual Report of year 2009-10 of Ministry of Urban Development

The funding pattern for projects under UIG and BSUP was as under:

Table No. 1.2: Funding pattern for projects under UIG and BSUP

(Figures in percentage)

Category of Cities/Towns/UAs	UIG			BSUP	
	Grant		ULB or Parastatal Share /Loan from Financial Institutions	Grant Central Share	State/ULB/ Parastatal Share, including Beneficiary Contribution
	Centre share	State share			
Cities/UAs with 4 million plus population as per 2001 census	35	15	50	50	50
Cities/UAs with million plus but less than 4 million population as per 2001 census	50	20	30	50	50
Cities/towns/UAs in North Eastern States and Jammu & Kashmir	90	10	-	90	10
Cities/UAs other than those mentioned above	80	10	10	80	20
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		

Source: Guidelines of UIG and BSUP

1.4 Cities and towns other than mission cities

To cater to cities and towns other than mission cities, two components- UIDSSMT and IHSDP were envisaged under JNNURM. In respect of UIDSSMT projects, funding was in the ratio of 80:10 between Central Government & State Government and the balance 10 per cent was to be raised by the nodal/ implementing agencies. Implementing agencies could substitute internal resources for funds to be raised from financial institution.

In respect of IHSDP projects funding was in the ratio of 80:20 between Central Government and State Government/ULBs/Parastatal. It was also envisaged that States/ Implementing agencies may raise their contribution from their own resources or from beneficiary contribution/ financial institutions.

1.5 Allocation of funds and release of ACA by the Central Government

The Planning Commission originally made allocation of Additional Central Assistance (ACA) of ₹ 50,000 crore for seven years (2005-06 to 2011-12). This was revised to ₹ 66,084.65 crore (BSUP – ₹ 16356.35 crore, IHSDP – ₹ 6828.31 crore, UIG – ₹ 31500.00 crore and UIDSSMT – ₹ 11400.00 crore) during the year 2008-09. Over a period of seven years from 2005-06 to 2011-12, GoI has already released ₹ 40,584.21 crore (BSUP- ₹ 8605.64 crore, IHSDP - ₹ 4941.69 crore, UIG - ₹ 18543.66 crore and UIDSSMT ₹ 8493.22 crore) under the mission.

The year wise budgetary allocation and releases during 2005-06 to 2011-12 is given in the table below:

Table No. 1.3: Allocation and actual releases of additional central assistance

(₹ in crore)

Year	UIG		UIDSSMT		BSUP		IHS DP		Total allocation	Total releases	Percentage of shortfall
	Allocation	Actual Releases	Allocation	Actual Releases	Allocation	Actual Releases	Allocation	Actual Releases			
2005-06	500.00	90.11	90.00	87.47	0.00	72.14	0.00	0.00	590.00	249.72	57.67
2006-07	2500.00	1262.96	900.00	1248.97	761.00	901.78	362.00	492.62	4523.00	3906.33	13.63
2007-08	2541.08	2529.84	1204.00	1204.00	1195.05	1192.80	789.96	792.24	5730.09	5718.88	0.20
2008-09	4455.37	4544.47	3279.69	3280.26	1813.38	1582.92	1113.88	1296.20	10662.32	10703.85	(-) 0.39
2009-10	3921.97	3977.88	494.15	298.82	1344.36	1338.37	786.74	780.72	6547.22	6395.79	2.31
2010-11	5291.63	1930.93	1508.71	1223.44	1629.75	1925.40	587.43	880.25	9017.52	5960.02	33.91
2011-12	4259.41	4207.47	1315.67	1150.26	1721.00	1592.23	700.00	699.66	7996.08	7649.62	4.33
Total	23469.46	18543.66	8792.22	8493.22	8464.54	8605.64	4340.01	4941.69	45066.23	40584.21	9.95

Source: Data obtained from MoUD and MoHUPA

Table No. 1.4: State-wise allocation made by the Planning Commission and release of ACA during the period 2005-06 to 2011-12

(₹ in crore)

State / UT	ACA allocation and releases during 2005-06 to 2011-12								Total	
	UIG		UIDSSMT		BSUP		IHS DP		Total Allocation	Total Releases
	Allocation	Releases	Allocation	Releases	Allocation	Releases	Allocation	Releases		
Andhra Pradesh	2118.45	1643.58	490.31	1951.94	1547.42	1287.61	764.57	579.90	4920.75	5463.03
Arunachal Pradesh	107.40	112.42	7.46	35.42	43.95	12.67	24.52	4.48	183.33	164.99
Assam	273.20	269.46	101.29	123.65	121.94	48.80	67.25	35.11	563.68	477.02
Bihar	592.41	112.98	254.78	106.74	531.54	78.19	168.07	105.35	1546.80	403.26
Chhattisgarh	248.03	224.56	134.78	134.73	385.21	169.29	158.83	118.31	926.85	646.89
Goa	120.94	6.22	22.11	11.05	11.43	1.15	35.79	0.00	190.27	18.42
Gujarat	2578.81	1878.44	351.82	328.67	1015.56	680.09	256.25	145.75	4202.44	3032.95
Haryana	323.32	253.27	195.59	96.28	57.31	31.18	209.70	153.86	785.92	534.59
Himachal Pradesh	130.66	38.10	17.44	32.79	31.29	7.37	37.07	24.39	216.46	102.65
Jammu & Kashmir	488.36	236.67	35.45	183.54	140.18	47.15	117.34	71.66	781.33	539.02
Jharkhand	941.20	201.64	114.52	40.03	351.09	82.18	136.00	65.66	1542.81	389.51
Karnataka	1524.59	1084.55	443.14	489.31	407.97	316.75	222.69	218.60	2598.39	2109.21
Kerala	674.76	273.20	232.82	173.41	250.00	132.83	198.83	143.83	1356.41	723.27
Madhya Pradesh	1328.50	727.55	438.43	485.94	351.10	226.47	276.64	133.96	2394.67	1573.92
Maharashtra	5505.55	4149.64	664.76	1825.2	3372.56	1749.47	1130.60	726.61	10673.47	8450.92
Manipur	152.87	58.46	12.60	28.45	43.91	32.93	32.35	32.35	241.73	152.19
Meghalaya	156.68	129.38	7.19	6.45	40.35	26.12	28.97	11.21	233.19	173.16
Mizoram	148.22	12.82	8.24	7.00	80.11	40.06	29.78	29.78	266.35	89.66

Performance Audit of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

Nagaland	116.28	35.86	10.28	1.91	105.60	79.20	44.14	29.92	276.30	146.89
Odisha	322.35	240.76	181.79	91.70	78.74	31.20	176.33	115.70	759.21	479.36
Punjab	707.75	171.36	226.60	179.36	444.46	26.39	172.56	66.77	1551.37	443.88
Rajasthan	748.69	482.60	401.43	284.22	383.46	85.47	424.56	317.65	1958.14	1169.94
Sikkim	106.13	41.94	1.20	36.17	29.06	21.79	20.90	8.96	157.29	108.86
Tamil Nadu	2250.66	1578.71	705.97	566.90	1107.80	649.36	349.38	328.14	4413.81	3123.11
Tripura	140.18	74.53	13.76	63.42	23.66	13.96	28.36	34.55	205.96	186.46
Uttar Pradesh	2769.41	2183.20	947.92	843.82	1165.22	823.49	854.41	683.22	5736.96	4533.73
Uttrakhand	405.34	208.24	46.70	24.69	97.84	18.90	63.58	62.75	613.46	314.58
West Bengal	3218.40	1167.73	315.25	301.30	2126.98	1000.46	681.04	646.36	6341.67	3115.85
Delhi	2823.18	815.33	1.12	0.00	1481.28	473.24	0.00	0.00	4305.58	1288.57
Puducherry	206.80	78.25	5.57	31.34	83.20	29.94	26.95	2.74	322.52	142.27
A&N Islands	0.00	0.00	4.48	0.00	0.00	0.00	27.29	5.53	31.77	5.53
Chandigarh	270.87	52.23	0.00	0.00	446.13	374.28	0.00	0.00	717.00	426.51
Lakshadweep	0.00	0.00	1.04	0.00	0.00	0.00	21.03	0.00	22.07	0.00
Daman & Diu	0.00	0.00	2.20	0.31	0.00	0.00	21.97	0.29	24.17	0.60
Dadar & Nagar Haveli	0.00	0.00	1.93	7.46	0.00	0.00	20.56	1.67	22.49	9.13
Total⁶	31499.99	18543.68	6399.97⁷	8493.20	16356.35	8597.99[*]	6828.31	4905.10[*]	66084.66	40584.08

Source: Information provided by MoUD and MoHUPA

Note: *Additional ₹ 44.15 crore were released for DPR preparation charges, PMU/ PIU, TPIMA and capacity building for which no state figure was made available to Audit.

From the above table it may be seen that there were significant shortfalls in release of ACA against revised allocation made by Planning Commission in respect of UIG, BSUP and IHSDP⁸. For instance, in the case of UIG the shortfall was as high as 94.86 per cent in Goa and there were 14 states / UTs where the releases were short by more than 50 per cent. Similarly, in case of BSUP Projects there were shortfalls in all states with Bihar (85.29 per cent), Goa (89.94 per cent), Himachal Pradesh (76.45 per cent), Jharkhand (76.59 per cent), Punjab (94.06 per cent) and Rajasthan (77.67 per cent) showing shortfalls of more than 75 per cent. There were considerable shortfalls in IHSDP releases also with no release in respect of Goa and Lakshadweep.

⁶ Difference of total in table numbers 1.3 and 1.4 due to rounding of figures in the data provided by both the Ministries.

⁷ In February 2009, total allocation for UIDSSMT was enhanced to ₹ 11,400 crore which was not bifurcated state wise. Hence, state-wise allocations under UIDSSMT continued to reflect original allocation.

⁸ As state-wise revised allocations were not available for UIDSSMT analysis of shortfall was not done.

1.6 Status of the projects

The table below gives the year wise and component wise break-up of the projects approved.

Table No. 1.5: Year and component wise break-up of the projects approved

Component	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
UIG	23	181	117	130	65	16	532
BSUP	10	149	113	186	14	27	499
UIDSSMT	26	307	98	316	6	13	766
IHSDP	3	194	223	406	118	74	1018
Total Projects	62	831	551	1038	203	130	2815
Cumulative total	-	893	1444	2482	2685	2815	-

Source: As per information obtained from MoUD and MoHUPA

The time granted for completion of the projects, on an average was around two years. Of the 2815 projects approved up to 31 March 2011, 2482 projects (approximately 88 per cent) had been approved up to 31 March 2009. However, it could be seen from the table below that only 8.98 per cent of the total projects could be completed as on 31 March 2011.

Table No. 1.6: Status of projects as on 31 March 2011

Component	Status of Project			
	Total	Not Started	Under Progress	Completed (Percentage)
UIG	532	65	362	105 (19.73)
UIDSSMT	766	42	598	126 (16.44)
BSUP	499	84	407	8 (1.60)
IHSDP	1018	91	913	14 (1.37)
Total	2815	282	2280	253 (8.98)

Source: As per information obtained from MoUD and MoHUPA

1.7 Urban Renewal Projects

One of the objectives of the Mission was to take up urban renewal programmes i.e. re-development of inner (old) cities area to reduce congestion. However, it was observed that out of 532 projects approved under UIG, upto 2010-11, only eleven projects were related to urban renewal. These projects were approved for eight cities (Hyderabad, Delhi, Ajmer-Pushkar, Kochin, Jaipur, Bhubaneswar, Bhopal and Kolkata). Even out of these eleven projects, only two projects, both in Bhopal, had been completed. Eight projects were still in progress whereas one project of Cochin approved in 2009-10 remained a non starter, even after lapse of more than one year of approval.

In respect of UIDSSMT, out of 766 projects approved, up to 2010-11, only a meager 10 urban renewal projects had been approved for ten cities. Even out of these ten projects, only one project

in Kolhapur, Maharashtra could be completed and in the remaining nine projects, the work was in progress.

MoUD replied that it is for the States to prioritize the project and submit the same to the Ministry for consideration / approval.

The reply should be viewed against the fact that 'Urban Renewal Projects' was one of the principal objectives of the Mission and Ministry should have taken effective steps for taking up re-development of inner (old) cities area.