

URBAN INDIA: TRENDS AND ISSUES

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Urban Population Trends

- Total Urban Population in 2001 : 285 million
- % Urban Population to total in 2001: 27.8%
- Decadal Growth (1991-2001): 31.2%
- Concentration of Urban Population in Large Cities
- Slowing down of growth rate in last three decades
- Large variation patterns in different states

Urbanisation and Economic Development

- Urban areas account for more than 60% of GDP
- Urbanisation is inevitable
- India needs to improve its urban infrastructure and governance to achieve economic objectives

Projected Urban Population

- Expected to increase from 286m in 2001 to 534m in 2026
- % Urbanisation will increase from 28% in 2001 to 38% in 2026

Grouping of States According to Level of Urbanization in 2026

States/Uts	Per cent Urban_2026	Per cent Share of Total Urban Pop_2026
Highly Urban States (mainly A.P., Delhi, Gujarat, Haryana, Karnataka, M.P., Maharashtra, Punjab, T.N.)	50.9	68.6
Average Urban States (mainly Chhatisgarh, J&K, Jharkhand, Rajasthan, Kerala, U.P., and Uttrakhand)	28.6	24.5
Low Urban States/UTs (mainly Bihar, H.P., Orissa, and NE)	15.5	6.9
Total	38.2	100.0

Source: Based on Population Projections for India, 2001-26, Registrar General of India, 2006

Projection of Population in Mega Cities in 2026 (in Million)

City/UA	2001	2025	Region
Mumbai	16.36	26.38	West
Ahmedabad	4.51	7.73	West
Pune	3.75	6.79	West
Surat	2.81	5.70	West
Chennai	6.42	10.12	South
Bangalore	5.68	9.71	South
Hyderabad	5.53	9.09	South
Delhi	12.79	22.49	North
Kanpur	2.69	4.60	North
Jaipur	2.32	4.29	North
Kolkata	13.21	20.56	East
Total	76.07	127.49	

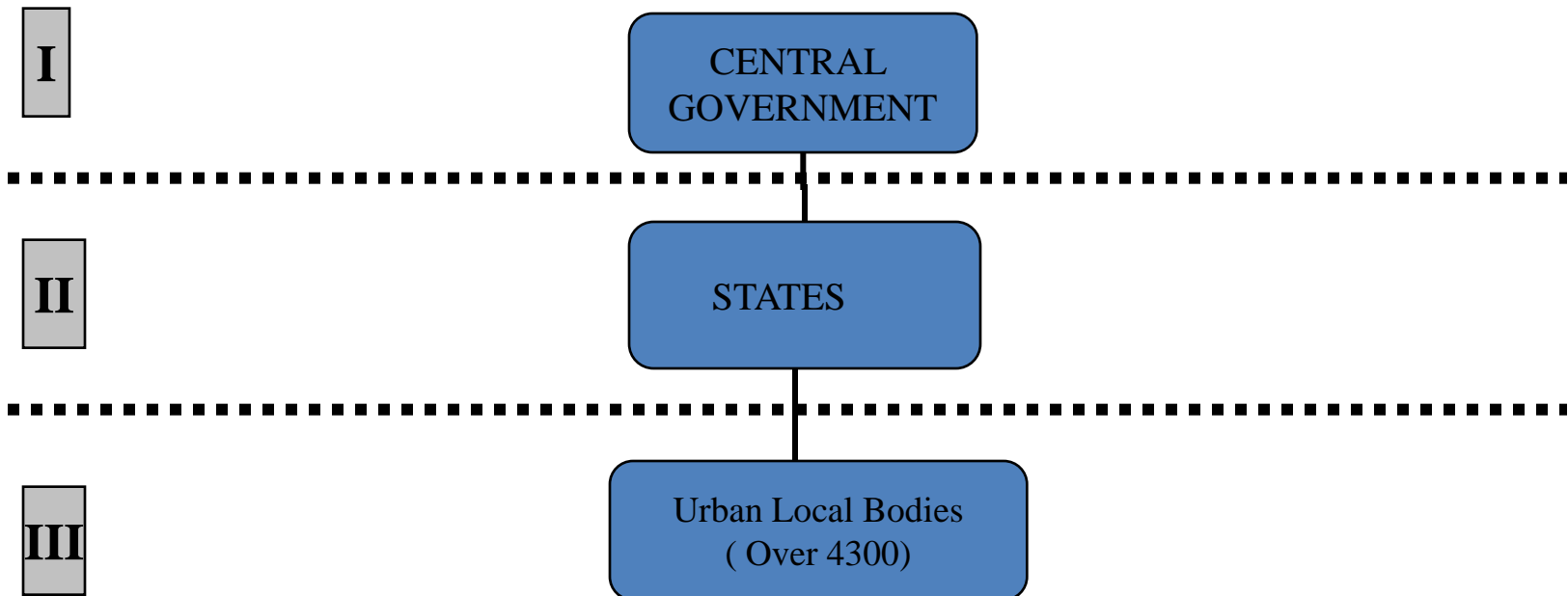
Source: Census of India, 2001 and World Cities, UN-Habitat, 2008-09

Note: Mega city is defined as Cities with population above 4.0 million.

11 mega cities by 2025 but only one megacity in east

Urban Governance

- The 3 Tier System of Governance (the Urban Local Bodies are the 3rd tier in the Governance Structure)
- Urban Local Bodies are part of the system of Local Self Governance (being the level of government closest to and addressing the needs of the citizens directly)



Institutional Arrangements

- 74th Constitutional Amendment, 1992
- State municipal laws amended based on 74th CA but changes needed in terms of powers, authorities and functions
- Wards Committees

Institutional Framework for Delivery of Services in Selected Cities

City	Services provided by			
	ULB	Parastatal	Development Authority	State Agencies
Ahmedabad	All services	-	-	-
Hyderabad	SWM, Roads, Street Lighting, Drainage, etc.	Water Supply and Sewerage ¹	Town Planning	-
Bhubaneswar	SWM, Roads, Street Lighting, Drainage, etc.	----	Town Planning	Water Supply and Sewerage ²

[1] Metro-Level Board.

[2] State Public Health Engineering Department.

Finances of ULBs

- Per Capita Annual Revenue (2001-02): Rs. 707 (US\$ 15.4)
- Governmental Transfers: 40%
- User Fees 20% of total revenues (cover only 50% of O&M costs)
- Revenue revenues 0.66% of GDP
- Revenue increased to 0.8% of GDP in 2008-09

India Urban Infrastructure

- Low access and level of services
- Low tariff and cost recovery
- Low customer satisfaction/ supply side orientation

Fund Requirements for Urban Infrastructure: 2007-2012

S.No.	Sub-Sector	Estimated Amount (Rs. in Million)
1	Urban water supply	5,36,660
2	Urban sewerage & sewage treatment	5,31,680
3	Urban drainage	2,01,730
4	Solid waste management	22,120
5	Management Information system (MIS)	80
6	R & D and PHE training	100
	Total	12,92,370 (US\$ 28,095 M)

Source: XIth Five Year Plan of India, 2007-2012, Government of India.

Note: Excluding Urban Transport

Urban Challenges in India

- Weak Urban Governance
- Inadequate urban infrastructure and supply of serviced land
- High proportion of urban poor and slum population
- Weak financial base of urban local bodies
- Huge investment needed for urban infrastructure
- Limited staff capacity

Urban Initiatives in India

Several initiatives to improve urban governance and Infrastructure:

- JNNURM- reform linked investment program
- Public Private Partnership
- e-Governance in Municipalities
- Market Based Financing
- Urban Transport Policy
- National Urban Sanitation Policy
- Service Level Benchmarking Program
- RAY (proposed)

Municipal Bonds in India

Type of Bonds	Amount (Rs. In Million)
Taxable bonds	4,450
Tax-free bonds	6,490
Pooled finance	1,300
Total	12,240

Source: Vaidya, C. and Vaidya, H., 2008.

Credit Rating

- Provides investors independent evaluation of a bond issue
- Helps to identify areas for improving credit-worthiness of urban local bodies.
- Over 80 ULBs credit rated (including JNNURM Cities).
- The process is institutionalized in urban India.

PPP Projects in India

Chennai WS&S	Service Contracts
Navi Mumbai	Performance-Based Service Contracts
Tiruppur WS&S	Joint Company/BOT
Alandur Sewerage	BOT STP
Karnataka Towns & Latur Town	Water Management Contract
Salt Lake, Kolkatta	Water BOT

Theme for Urban Strategy

**Enabling Urban India
to Meet Challenge of
Economic Development**

Considerations for Urban Strategy - I

- Need to amend 74th CAA
- Different approach for different states/cities
- Focus on assets management and creation

Considerations for Urban Strategy - II

- Link transfers to performance
- Integrate programs at local, state and national levels
- Clarify role of various agencies
- Second generation reforms should include market-based financing, PPP, Regulation and climate change