

Urban Infrastructure and JNNURM

Successes, Lessons and the Road Ahead



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- ❖ India is urbanising rapidly with almost a third of its population now living in urban areas. Many experts believe this provides a huge opportunity for new economic activity and growth, and this is borne out by the fact that cities now contribute to almost 60 per cent of the country's GDP.
- ❖ However, the benefits can soon get negated unless it is managed well, especially with regard to provision of adequate and quality infrastructure to meet the aspirations of industry as well as residents.
- ❖ The launch of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in December 2005 has been a remarkable initiative to harness the opportunities provided by urbanisation that hopes to leverage about one trillion rupees in infrastructure. Based on the latest available data, JNNURM has committed about Rs 150 billion in 330 projects with a total investment of over Rs 300 billion.
- ❖ Though the sector continues to rely on public funding for a large part of its financing needs, specific segments such as urban transport, solid waste management and in a few cases, water supply projects are becoming attractive for private investment. Currently, about a couple of dozen projects involving private sector participation are underway; several more are in the pipeline.
- ❖ Initiatives under the JNNURM such as rating of urban local bodies and development of baseline data for various municipal services are aimed at strengthening the concept of cities as enterprises capable of raising revenues for services delivered and leveraging funds from the market to renew or build new assets. Of the 39 mission cities where the ratings exercise has been completed, 21 have received investment grade ratings. Other cities will hopefully use the inputs to develop a roadmap to reach investment grade in future.
- ❖ Ahmedabad, Bangalore, Hyderabad and Surat have completed 11 projects under the JNNURM that will augment water supply, improve sewerage treatment, and enhance intra-city transport infrastructure. There are many more that are expected to be completed by the end of this year.
- ❖ Many smaller towns and cities are also experimenting with new models of financing and investments. While Latur in Maharashtra launched the first city-wide 24x7 water supply project on a PPP basis, Khandwa in Madhya Pradesh has invited bids for implementing a water supply project on a PPP basis and Aligarh is contemplating the same for solid waste management.
- ❖ While these are, no doubt, reasons for celebration, a nation-wide urban infrastructure transformation is still a far cry. Most urban bodies are struggling with fractured institutional frameworks, poor governance models and lack of professional competence in conceiving, financing, executing and managing

projects. Access to services by the urban poor remains a challenge, though innovations such as those by Bangalore where the utility has partnered with NGOs and the community to provide water to poor households are noteworthy.

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