

**Jawaharlal Nehru National Urban Renewal Mission  
Bridging the Missing Gaps for  
Sustainable Reform**

**Published as**

**“Jawaharlal Nehru National Urban Renewal Mission: Bridging the Missing Gap”, *Urban World*, Vol. 2, No.2, April – June 2009.**

Dr. Gangadhar Jha  
Ms. Nimish Jha

**National Seminar on Urban Reforms in India for Sustainable Development  
January 16-17, 2009  
Patna**

## **Jawaharlal Nehru National Urban Renewal Mission Bridging the Missing Gaps**

Gangadhar Jha<sup>1</sup> and Nimish Jha<sup>2</sup>

Bharat Nirman along with the Rural Employment Guarantee Scheme in rural India and the Jawaharlal Nehru National Urban Renewal Mission (JN-NURM) for urban India together constitute laudable efforts for giving a fillip to the national development initiative and improving the quality of life of the citizens. Starting 2005-06, this mission is to target altogether 63 cities. The Mission has been devised in view of deficient level of basic civic services and urban infrastructure across the cities and the sizeable investments required for its augmentation. The Mission estimates that over a seven-year period (2005-06 to 2011-12), these cities would need a total investment of Rs. 1, 20,536 crores. This includes investments in basic infrastructure and services. On an annual basis, this indicates an average investment requirement of Rs. 17,219 crores. JN-NURM is an attempt to facilitate this investment by bringing together state and city governments for ensuring the flow of funds for investments and also leveraging much needed urban sector reforms.

### **What is in a Name?**

A dispassionate view of the JN-NURM in terms of its objectives, nature of components, resource availability, and simultaneous action on a large number of fronts make it a bit ambitious. One is also struck by its nomenclature that, in the literature on urban studies, connotes altogether a different meaning and scope as compared to the actual programmatic contents of the JN-NURM. JN-NURM has much wider concerns as compared to the conceptual underpinnings of "Urban Renewal". Urban renewal connotes something that the JN-NURM is not substantially concerned with. It is here that the mission got bogged down in semantics that, on the face of it, imparts entirely different nature of thrust of the mission than the provision of urban infrastructure with which it is substantially concerned with. Conceptually, whereas urban renewal constitutes a micro level physical intervention through rehabilitation and redevelopment of squalid areas, JN-NURM, on the basis of its strategic and programme contents, is out and out a macro level intervention for augmenting urban infrastructure in the selected cities. The literature on urban studies defines urban renewal as a strategy for redevelopment of the traditional urban core that over the years have decayed into squalid and dilapidated areas. The Chambers 21<sup>st</sup> Century Dictionary, for example, defines urban renewal as "clearing and redevelopment of slums in large cities". The Oxford Dictionary defines it similarly – "redevelopment of slum areas in a large cities". The Random House Unabridged Dictionary defines it succinctly as "the rehabilitation of city areas by renovating or replacing dilapidated buildings with new housing, public buildings, parks, roadways, industrial areas, etc often in accordance with comprehensive plans". Apparently none of these are substantive concerns of the JN-NURM. Yet it is called a mission for "urban renewal" which actually it is far from. This misplaced emphasis on urban renewal could have been avoided in christening such an important national urban sector programme.

---

<sup>1</sup> Former Professor, National Institute of Urban Affairs, New Delhi. Presently, Director, Infrastructure Professionals Enterprise, New Delhi

<sup>2</sup> Research Officer, Centre for Urban Studies, Indian Institute of Public Administration, New Delhi

JN-NURM intends “improvement in urban governance and service delivery so that ULBs become financially sound and sustainable for undertaking new programmes.” Its objectives include (a) focused attention on integrated development of infrastructure services in cities under the purview of the mission; (b) establishment of linkages between asset-creation and asset-management through a slew of reforms for long-term project sustainability; (c) ensuring adequate funds to meet deficiencies in urban infrastructural services; (d) planned development of identified cities including peri-urban areas, outgrowths and urban corridors leading to dispersed urbanisation; and (e) scaling-up delivery of civic amenities and provision of utilities with emphasis on universal access to the urban poor. Apparently, it is much more than urban renewal.

Hard core urban renewal of the older parts of cities, 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 such as education, health and social security constitute only one of the several other larger components of the Mission. Comprehensive concerns of the mission, obviously, do not go with the narrow and limited scope that a typical urban renewal strategy is religiously concerned with. JN-NURM is more in the nature of augmenting urban infrastructure and strengthening of urban management system than urban renewal. At the conceptualisation stage of the mission, the experts ought to have been conscious of the conceptual overtures of urban renewal as it is understood in the literature on the subject. They should not have fallen prey to the political gimmicks that led to the use of this expression (renewal) in the UPA government’s common minimum programme without knowing what it entails. Nomenclature of the mission gives a wrong impression about the relevance of such a programme unless one goes through the contents of the Mission.

### **An Ambitious Programme**

Even if one agrees for a moment with the relevance of much laboured nomenclature of this mission, the nature and the range of programmatic contents make it (i) too ambitious to be accomplished within the time frame identified by it (seven years) and within the existing resources, and (ii) like its other predecessor centrally sponsored urban sector programmes, it as well has a misplaced focus on addressing the symptoms rather than the disease. Let us look into these couple of important issues of JN-NURM.

### **Programmatic Contents**

Programmatic contents of the Mission indicate that it does not want to leave anything unaddressed in urban sector. It contains (i) wide list of areas for financial assistance, (ii) a number of project components eligible for financial assistance, (iii) substantial areas of mandatory reforms at the state and local levels, and (iv) areas of optional reforms. Areas of assistance include capacity building of city governments, preparation of city development plan (CDP) and detailed project reports, community participation, information, education and communication (IEC). Financial assistance is to be contingent upon preparation of CDP that is required to, *inter alia*, include strategy to implement reforms, city-level improvements and an investment plan to address the infrastructure needs in a sustainable manner.

Project components for financial assistance include water supply (including desalination plants) and sanitation, sewerage and solid waste management, construction and improvement of drains and storm water drains, urban transportation including roads, highways, expressways, MRTS, and metro projects, parking lots and spaces on public-private-partnership basis, development of heritage areas, prevention and rehabilitation of soil erosion and landslides and preservation of water bodies. Obviously these constitute a wide area for financial assistance and many of these project components require huge resources for implementation.

### **Reform Agenda**

Areas of mandatory reforms at the city level include (a) adoption of modern accrual-based double entry accounting system in ULBs and parastatal agencies, (b) introduction of a system of e-governance using IT applications such as GIS and MIS for various services provided by the city governments and parastatal agencies, (c) GIS based property tax reform, (d) levy of reasonable user charges by the city governments and parastatals for full cost recovery of O&M or recurring cost within the next seven years. (e) internal earmarking of budgets within local bodies for basic services to the urban poor. It also includes areas such as (f) provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation.

In addition to the above, mandatory reforms at the state level include again a large reform agenda such as enactment of two new draft Bills prepared by the central government viz. (i) the Nagar Raj Bill (NRB) that entails putting in place a four-tier structure against the present two-tier one and (ii) the Discloser Bill (DB). NRB proposes to completely alter the existing system of local government that is quite revolutionary in nature next only to the Constitution (Seventy-fourth Amendment) Act (CAA), 1992. Looking back, the CAA was enacted after creating the much needed consensus on the basic structure conceived in it through large number of Nagar Palika Sammelans held at the national and state, and local levels. NRB as well intends to fundamentally alter the existing local government structure in urban settlements by providing for creation of Ward Committees in every local government electoral Ward and Area Sabha at the level polling stations. This calls for creating consensus about the new local government structure through extensive debates it at all levels. Enacting such fundamental piece of legislation silently without these being debated for arriving at a national consensus seems to be unfair. DB is seemingly drafted to impart transparency in urban governance under the aegis of the urban local bodies (ULBs). This is to be extended only in select number of ULBs as giving it an operational form, requires sophisticated systems of governance and management based on information technology. Even if such systems are put in place, it will be well nigh impossible for the ULBs concerned to comply with the provisions of the Bill with existing institutional capacity and staffing. Furnishing "Audited financial statements of Balance Sheet..." (Section 1) for example, seems to be impossible as there does not exist anything like "financial statements of Balance Sheet"; the authors of the Bill perhaps wanted to allude to "Audited financial statement" instead.

Range and nature of reform agenda as also project components seem to provide a shopping list that is unlikely to be effectuated in view of resource constraints and lack of political will at the state level. Urban development being part of the State List in the Indian Constitution, one will have to wait and see to which extent financial incentive of JN-NURM will impel the state governments to implement the reform agenda. Response of state governments to the Urban Reform Incentive Fund till now stands a testimony to state government's reluctance to buy reforms. Reform is a hard option largely due to resistance to change.

### **Baseline for Measuring Reform**

A specific aspect of leveraging reform through JN-NURM funding relates to the availability of a baseline for gauging actualization of reform against the identified baseline. This entails that the baseline in each area of reform conceived under the Mission should have been identified before launching this programme. This could have been done as part of the City Development Plans required to be prepared for funding. This, however, could not be provided for at the time of launching of the Mission. Moreover, the modality to verify the extent of functional shifts out of the XII Schedule of the Constitution of India to the urban local bodies has even now been eluding the mission. The Mission Directorate should have the ways and means of judging and verifying actual devolving of functions to the urban local bodies. Quite a few states have just given the assurance to the Mission Directorate that the XII Schedule is devolved to the urban local bodies. The Directorate, however, does not have the means to get at the veracity of transfer of functions.

### **Scale of Investment**

We have referred to need for huge investment requirements that this Mission intends to address. The JN-NURM estimates that over a seven-year period, the city governments would require a total investment of Rs. 1, 20, 536 crores. On an average, annual investment thus comes to about Rs 17,219.5 crores in the next seven years. Though initially the amount to be allocated to this mission was projected to be much higher by the government agencies, the budget for 2006-07 allocated an outlay of Rs.5, 500 crore only in 2005-06 including a grant component of Rs.1, 650 crore for the Mission. Projects to be supported under the Mission include the Mumbai Metro Rail Project, the Mumbai Trans Harbour Link, the Mumbai Western Expressway Sea link and the Bangalore Metro Rail Project. These are, by all means, resource intensive projects. Financial support to these resource intensive projects and also to a very wide area of assistance mentioned above makes the allocation too meager to have any dent on “renewing” the cities.

### **Bridging the Gaps**

JN-NURM, like its predecessor centrally sponsored schemes, seems to be based on a simple premise that leveraging of funds will bring a turn around in governance and municipal management. None of these programmes including the JN-NURM gave thought to building municipal institutional capacity by refurbishing the existing municipal personnel system, skilled and professional staffing, organisational development and restructuring. These programmes, therefore, proved to be cosmetic in nature as they assumed that municipal organisations have organisational wherewithal to absorb the investment and also sustain the assets created through such investments; they simply require funds to augment the services. Like other central sector programmes in the past, it intends improving urban situation through investments without touching even the fringe of the real impediment to effective, efficient, responsive urban management and its sustainability. It thus addresses only the symptoms of ineffective urban governance and management, not the malady.

Fragmentation of executive authority between Mayor, Municipal Commissioners, Standing Committees and the Corporation Council in municipal corporations that are supposed to be the most autonomous forms of urban local self-government, absence of even a rudimentary human resource planning, job description, job specification, competency profiles for various posts in municipal governments, institutional incentives, performance evaluation of staff are factors presently constraining institutional capacity to perform. The Directorates of Municipal Administration (DMA) created in states are pre-occupied with only supervision and control rather than with organisational design, manpower planning, performance management and appraisal systems and change management. These, it must be appreciated, are crucially important dimensions for capacity development that the DMAs should be concerned with for capacity development of the urban local bodies especially the ones located especially in small and medium towns that are not in a position to access the required skills for designing urban infrastructure projects, its financing and implementation. At the local level, most of the attention is given to budgeting and financial control rather than performance management and performance indicators and the constraints on availability of required expertise and skills in the urban local bodies.

Superimposition of sophisticated systems like the ones expected of JN-NURM (preparation and implementation of City Development Plans, delivery system for urban services, e-governance, accrual based accounting system, tax mapping and computerised property tax system) on the existing traditional unskilled staff that hardly has any competence, skills, motivation, and right attitudes, will make the system crumble down under its weight. The ULBs are unlikely to sustain them over a period of time. Outsourcing these competencies as well (as mentioned in the Mission document) has serious pitfalls as is corroborated by experience in the recent past. Without disclosing the identity of cities, in one of them, the vendor who was roped in for developing a computerised tax system and e-governance never involved municipal staff in the process and suddenly disappeared on an issue without giving any clue to the municipal corporation about how to use the software prepared and customized by the vendor. Moreover, sustaining innovative systems created through outsourcing requires in-house skills, resources and competencies in the

staff that are conspicuously absent at the moment. The provision in the JN-NURM for replicating the practice of Project Management Unit (PMU) and the Project Implementation Unit (PIU) practiced widely in some of the donor funded projects is a case in point. Injecting institutional capacity through PMUs and PIUs can not be substitutes for innate municipal institutional capacity brought about by skilled, capable, and motivated municipal staff. After the exit of PMU and PIU Consultants, the reforms introduced and the assets created under the Mission will hardly be sustainable.

### **Institutional Capacity**

Emerging and modern instrumentalities of governance entail robust local government institutional capacity for implementing comprehensive reforms and their sustainability. "Institutional capacity" constitutes only an undefined part of the JN-NURM. Capacity development is not only training; it is ineluctably dependent on legal framework, internal organisational structure of ULBs, organisation development, staffing, their knowledge, skills and attitudes, institutional incentives for motivation and career development. These, in sum, call for focused HRD initiative in municipal governments. The existing staffing and municipal personnel system give premium to non-performance and are not amenable to training needs assessment and designing of focused supply driven training. This requires revisiting the existing organisational structure and the old and hackneyed recruitment rules existing in almost all the states. Recruitments Rules created decades back do not permit professionalisation of municipal cadre, institutional incentives for better performance, a system of job description and performance evaluation, and vertical mobility of the staff through promotions. Highly customized training strictly based on objective training needs assessment and qualitatively different from the existing supply driven generic class room training is still a far cry.

### **Critical Areas of Municipal Management**

Municipal governments hardly have qualified and skilled staff in the critical areas of municipal management such as urban planning, engineering, information technology, organisational development and human resource development, finance and accounting, public health, and community development. The concept of 'municipal management team' containing expertise in these and related areas of governance and municipal management headed by a political chief executive, has not yet informed a large number of ULBs including many municipal corporations. There are cities with population of more that a million that do not have qualified accountant and finance men. In several instances, muster roll employees have graduated to the position of accountants and finance officer in quite a number of ULBs. Obviously, municipal personnel system has been the most neglected area of municipal governance and reform. By far, this has also been the most neglected area of research by the experts. A study conducted by the Delhi based IIPA on municipal personnel system in the seventies of the last century and another conducted on HRD policies and strategy with FIRE (D) support towards the fag end of the last century are the only studies that throw some insight into the existing depressing municipal personnel system and the need for human resource planning and management policies.

Apparently, high hopes of the ambitious and all embracing JN-NURM are crucially dependent on institutional capacity of the main actor - the institutions of urban local self-government. Institutional capacity is not limited to training; it needs to be conceived in the context of developing competencies in municipal staff through human resource planning and management, and restructuring of departments in the ULBs. At the moment there is a vacuum in these regards. Effective implementation and sustainability of JN-NURM and internationally funded initiatives entail some thinking on this aspect of municipal capacity development and leveraging reforms in these crucially important areas of governance and municipal management. JN-NURM would need to include this important aspect of municipal governance and management as part of mandatory reforms for accessing the funds. Alternatively, a separate well conceived programme for revisiting municipal recruitment rules, staffing, and organisation development would need to be introduced for injecting the much required institutional capacity in the ULBs.

