



Atal Mission for Rejuvenation and Urban Transformation – Shaping Urban Development

Key Features of AMRUT

- AMRUT is a scheme launched by the Government of India to provide basic services to urban households and develop modern civic amenities in cities.
- The scheme replaces the erstwhile Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Under the AMRUT, the Ministry of Urban Development will approve a State Annual Action Plan each year.
- 500 cities are to be covered under the scheme and this would include all cities with a population above 1,00,000, as well as capital cities not covered under the previously mentioned criteria.

“For Tier III cities such as Balasore, which are rapidly urbanizing, AMRUT is a very important scheme. It will help us ensure a planned urban transformation.

- Mr. Rabindra Kumar Jena, Hon’ble MP, Balasore

According to the Census 2011, the urban population in India grew by 31.8 percent as compared to 2001. About 31.2 percent of Indians now live in over 7,935 statutory/census towns, with the percentage of urban population being higher than the national average in as many as 19 states/UTs. Indian cities have some of the highest population densities in the world. This is not simply a demographic shift, but places cities and towns at the centre of India’s development trajectory. In the coming decades, the urban sector will play a critical role in the structural transformation of the Indian economy and in sustaining the high rates of economic growth. Ensuring high quality public services for all in the cities and towns of India is an end in itself, but it will also facilitate the full realization of India’s economic potential. With this view in mind, the Government of India (GoI) launched the Atal Mission for Rejuvenation and Urban Transformation on 25th June 2015 to develop 500 cities across the country. This brief discusses the mission, coverage and thrust areas and provides a brief description of various components of the scheme, such as funding and planning.

An Urbanizing India – Not Just a Demographic Shift

7,935 Statutory and Census Towns

According to the Census 2011, there are 4041 Statutory towns and 3,894 Census Towns; **468 Class I towns (population > 1,00,000)**; 264.9 million people live in the Class I towns



There are currently **53** million plus cities in India and 160.7 million people live in these cities (43 percent of total urban population); Mumbai UA, Delhi UA and Kolkata UA have a population >10 million



Urban sector now constitutes **63% of the GDP**; India's share of GDP coming from urban areas is still very low compared to China (78%) and Latin America (76%); per capita GDP is US \$3,000

The rate of urbanization in India has been extremely rapid in the past two decades and this is reflected in the fact that India now has 53 million-plus cities. The urban population is expected to reach a figure close to 600 million by 2031. However, the rapid urbanization presents a considerable challenge as our **urban centres suffer from a lack of planning and poor state of service delivery**, as highlighted below.

1 ‘Shelter Poverty’ - growth of slums



Census figures showed that 13.7 million or 17.4 percent of urban Indian households lived in a slum in 2011; **lack of affordable housing**

The *Technical Group on Urban Housing Shortage 2012-17* estimated the total housing shortage at **18.78 million** in 2012, and EWS and LIG categories account for 96% of this shortage.

2 Inadequate Public Transport



Public Transport accounts for only **27% of urban transport**; In cities like Pune, Kanpur and Lucknow, public transport <10 percent of modal share

Delhi, Kolkata, Mumbai, Chennai, Bangalore, Hyderabad, Ahmedabad, and Pune account for **80 percent of all buses**; Mass Rapid Transit Systems also limited to these cities

3 Poor Water Supply and Sanitation



Duration of water supply in Indian cities ranges from **1 hour - 6 hours**; Non-revenue water accounts for 50 percent of water production

13 percent of Urban HHs don't have access to latrine facility; 37 percent of urban households are connected with open drainage and another **18 percent are not connected at all**

4 Solid Waste & Sewage ‘Mis’management



Only 31 percent of sewage generated was treated before disposal in Class I and II cities; 302 Class I cities and 467 Class II towns have **no sewage treatment facilities**

Urban India generates about **68.8 million tons** Municipal Solid Waste (MSW) every year; average per capita waste generation is 370 grams/day

AMRUT – An Attempt to Address the Poor State of Service Delivery in Urban Areas

Given the rapid rate of urbanization and the poor state of service delivery in cities and towns across the country, the High Powered Expert Committee (HPEC) on Urban Infrastructure and Services chaired by Dr. Isher Judge Ahluwalia had highlighted the need for **significant investment to the tune of 39.2 lakh crores to improve urban infrastructure**. More importantly, the report presented by the HPEC had also pointed to the need for operation and maintenance of the developed infrastructure as well as a substantial investment towards capacity building for urban local governments to ensure sustainability.

At that point of time, the HPEC had also evaluated the performance of the ongoing Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which was being implemented across 65 Urban Agglomerations (UAs)/cities. Based on a comprehensive assessment of the scheme, the HPEC had recommended the launch of a New Improved JNNURM, which should be accessible to all cities and towns and focus on developing capacity for the Urban Local Bodies (ULBs) so that they can prepare and implement projects.

In line with the recommendations of the HPEC, the Government of India launched the Atal Mission for Urban Rejuvenation and Transformation (AMRUT) on June 25th 2015. A Centrally Sponsored Scheme, AMRUT seeks to address the issue of urban development in a coordinated and planned manner and involve the State Government for better planning and implementation of projects. The key idea is to provide the basic services to households and build amenities in cities, with a special emphasis on improving the quality of life for the poor and the disadvantaged. AMRUT focuses on ensuring **water supply, sewerage and septage management, storm water drainage, urban transport and availability of green and open spaces, reform management and support, and capacity building for Urban Local Bodies (ULBs)**.

500 cities are to be covered under the scheme and this would include all cities with a population above 1,00,000, as well as capital cities not covered under the previously mentioned criteria. Along with that, the 12 cities under the Heritage City Development and Augmentation Yojana (HRIDAY) scheme, some cities on the stems of main rivers (population between 75,000 and 1,00,000) and hill cities/tourist destinations would also be covered under the scheme. The Ministry of Urban Development (MoUD) is the nodal ministry for the scheme. The total outlay for AMRUT is **INR 50,000 crore for a 5-year period from FY 2015-16 to FY 2019-20**.

It is also important to point out that the GoI has decided to dedicate AMRUT funds towards ongoing projects under JNNURM. This would include JNNURM projects, which were sanctioned during 2005 – 2012 and have achieved physical progress of 50 percent availing 50 percent of central assistance released as well as those projects, which were sanctioned during 2012-2014. These projects, which number 102 and 296 respectively, will be supported till March, 2017.

The Planning and Institutional Mechanism – Addressing Issues in an Integrated Manner

The AMRUT guidelines specify that the primary purpose is to cover all households with water supply and sewerage connection and the planning to be undertaken at the city and state level should take this into consideration and the total requirement of funds for achieving universal coverage for water supply and sewerage should form a significant component of the plan. Also, issues related to availability of land and clearances from department had been identified as the key factors responsible for delay in the erstwhile JNNURM projects. Therefore, learning from the same, the AMRUT guidelines specify that projects, which do not have land available should not be included in the plan to be prepared by the government and ULBs and no project work order should be issued if all clearances from all the departments have not been received by that time.

The AMRUT guidelines specify that the objective is to create infrastructure that has a direct link to provision of better services to people and also achieve the Service Level Benchmarks (SLBs)¹, as prescribed by the MoUD. This is also evident in the fact that the primary aim of the city-level plan of action (to be drawn by the ULBs) should be to cover all households with tap water supply and a sewerage connection. Also, since the scheme is based on the principle of 'incrementalism' (wherein the specified benchmarks are to be achieved via a step-by-step process in a gradual manner), the other SLBs will be achieved subsequently. Under AMRUT, the following components have been introduced for better implementation of the project:

Service Level Improvement Plan (SLIP) – SLIP assesses the service level gap and the Urban Local Body (ULB) develops a plan to correct these gaps. After planning, a cost is estimated, and prioritizing of projects and zones is done. Financing of projects, including the Operation and Management (O and M) costs will be planned through the SLIPs.

State Annual Action Plan (SAAP) – The States decide on the inter-ULB allocation based on gap analysis and financial strength of ULBs. Typically the ULBs selected have higher gaps in provision of water supply and sewerage. At the State level, the SAAP contains projects where the project cost is linked with revenue sources and the SAAP would be an aggregation of SLIPs drawn at the city-level. Under AMRUT, funds are allocated to the ULBs through the States.

Resource Person – A Project Development and Management Consultant (PDMC) will be stationed in cities having population greater than five lakh and serving all surrounding AMRUT cities having population below five lakh. Each PDMC will have one state office. The scope of PDMC under the proposed mission will be divided into four broad components namely Planning, Design and Supervision and Project Management.

¹ There are a total of 28 SLBs spread across 4 sectors – Water Supply, Sewerage, Solid Waste Management and Storm Water Drainage

National Level

- Mission will be supervised by an Apex Committee (chaired by the Secretary, MoUD), which would be responsible for approving State Annual Action Plan (SAAP) and allocating and releasing funds to states/UTs/Mission Directorate on formulating threshold of physical progress of project. Also, the Additional Secretary (Smart Cities) has been appointed as the National Mission Director and the designated person will be the overall in-charge of the entire mission.
- It would monitor and supervise the mission, and act as an advisory committee on innovative ways for resource mobilization, private financing and land leveraging. The committee is also held accountable for confirming appointment of organizations, institutions or agencies for third party monitoring; and delegating some of its functions to the Mission Director.

State Level

- The mission would be steered by a State Level High Powered Steering Committee (chaired by the State Chief Secretary), which would identify the gaps in infrastructure based on State Level Benchmarks, need for individual and institutional capacity building, ways and means to achieve urban reforms, finalisation of financial outlays, etc. of the Mission Cities/Towns. It would also approve and plan the fund flow of projects.
- The committee will supervise and monitor the progress of project, recommend proposals for release of instalment of funds, recommend roadmap and milestones for implementation of reforms in the state/ULBs, and audit the release of funds and review Action Taken Reports.

City Level

- The Urban Local Bodies will be responsible for implementation of the mission through development of Detailed Project Reports (DPRs) and bid documents for projects in the approved SAAP, procurement of implementation agencies and ensuring timely completion of work.
- The ULBs are responsible for developing a roadmap for Reform Implementation and Capacity Building, and building coordination and collaboration among stakeholders for timely completion of projects without escalation of project cost.

The Focus on Reforms – An Incentive Model

AMRUT places a lot of emphasis on reforms and successful implementation of projects, as a result of which the corresponding funds flowing to the state are also tied to successful completion of projects. The guidelines also allow for re-allocation of funds from non-performing state to the performing state. Thereby, it mandates a set of 11 Reforms, which have to be implemented by all the States and 500 Mission cities within a period of 4 years. The State needs to draw a roadmap for implementation of the reforms at the State and ULB level and have to specify it in the SAAP.

The 11 reforms are:

- E-Governance
- Constitution and Professionalization of Municipal Cadre
- Augmenting Double Entry Accounting
- Urban Planning and City Development Plans
- Devolution of Funds and Functions
- Review of Building Bye-laws
- Energy and Water Audit
- Credit Rating
- Swachh Bharat Mission
- Municipal Tax and Fees Improvement
- Improvement in Levy and Collection of User Charges

The state's performance will be evaluated at the end of the financial year and 10 marks would be awarded for the successful implementation of every milestone. Also, **only those states achieving a score of 70 percent and above on the overall reforms would be considered for incentive to the tune of 10 percent of the funds**, which would be in addition to the central share allocated to the state. The State-level High Powered Steering Committee would be responsible for the distribution of the incentive amount among the ULBs that have achieved a score of more than 70 percent in the state.

At this point, it is also important to highlight that the erstwhile JNNURM had also specified a list of 23 reforms to be undertaken by the state and ULBs in order to strengthen urban governance. As of 31.01.2014, no state had been able to successfully implement all the listed reforms and only 13 states/UTs had achieved more than 85 percent of the reforms². 3 states – Nagaland, Manipur and Sikkim – have achieved less than 50 percent of the reforms.

² <http://jnnurm.nic.in/wp-content/uploads/2014/06/1.-Reform-Achievement-Map.pdf>

From JNNURM to AMRUT – The Key Differences



Release of Funds under Scheme

The funds will be released in three installments of 20:40:40. They will be kept in a separate bank account by the implementing agency, as was done JNNURM. Central assistance will be to the extent of 50 percent of project cost for cities and towns with a population of up to 10 lakh and one-third of the project cost for those with a population > 10 lakh.

Once the Apex Committee approves the SAAP, the first installment of the funds will be released. The second and third installment will be released on receipt of (i) Score Card, (ii) utilization certificates, and (iii) Project Funds Request. Each Mission City will also be given an advance of INR 25 lakh for preparation of SLIP/individual capacity building.

Funds were released as Additional Central Assistance to the State Government or its designated State Level Nodal Agency. The nodal agency disbursed central assistance to ULBs or para-statal agencies, as the case may be, as soft loan or grant-cum-loan or grant. The MoUD released the first installment of 25 percent once the state government/ULB/para-statal agency signed the Memorandum of Agreement for implementation of JNNURM projects. The balance amount of assistance were released as far as possible in three installments upon receipt of Utilization Certificates (UCs) to the extent of 70 percent of the grants (Central & State) and subject to achievement of milestones agreed for implementation of mandatory and optional reforms



Project Approval Mechanism

In AMRUT, project-by-project sanction by the Ministry of Urban Development (MoUD) has been replaced by approval of the State Annual Action Plan once a year by the MoUD, based on which funds will be released.

The States have to give project sanctions and approvals at their end.

A Central Sanctioning & Monitoring Committee was constituted in the MoUD for sanctioning the projects submitted by identified cities. Detailed Project Reports were to 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.

Annexure I – Data on Urban Population and Allocation of AMRUT Cities

Name of State/UT	Statutory Towns	Census Towns	Urban Population		AMRUT Cities
			Total	%Urbanisation	
Andaman & Nicobar	1	4	1,43,488	37.70%	1
Andhra Pradesh	83	228	1,47,45,080		33
Arunachal Pradesh	26	1	3,17,369	22.94%	1
Assam	88	126	43,98,542	14.10%	4
Bihar	139	60	1,17,58,016	11.29%	27
Chandigarh	1	5	10,26,459	97.25%	1
Chhattisgarh	168	14	59,37,237	23.24%	9
Dadra & Nagar Haveli	1	5	1,60,595	46.72%	1
Daman & Diu	1	6	1,82,851	75.17%	1
Goa	14	56	9,06,814	62.17%	1
Gujarat	195	153	2,57,45,083	42.60%	31
Haryana	80	74	88,42,103	34.88%	20
Himachal Pradesh	56	3	6,88,552	10.03%	2
Jammu & Kashmir	86	36	34,33,242	27.38%	5
Jharkhand	40	188	79,33,061	24.05%	7
Karnataka	220	127	2,36,25,962	38.67%	27
Kerala	59	461	1,59,34,926	47.70%	9
Lakshadweep	1	6	50,332	78.07%	1
Madhya Pradesh	364	112	2,00,69,045	27.63%	34
Maharashtra	256	278	5,08,18,259	45.22%	44
Manipur	28	23	8,34,154	32.45%	1
Meghalaya	10	12	5,95,450	20.07%	1
Mizoram	23	0	5,71,771	52.11%	1
Nagaland	19	7	5,70,966	28.86%	2
Delhi	3	110	1,63,68,899	97.50%	1
Orissa	107	116	70,03,656	16.69%	9
Puducherry	6	4	8,52,753	68.33%	1
Punjab	143	74	1,03,99,146	37.48%	16
Rajasthan	185	112	1,70,48,085	24.87%	29
Sikkim	8	1	1,53,578	25.15%	1
Tamil Nadu	721	376	3,49,17,440	48.40%	33

Telangana	42	0	1,36,08,665	38.67%	12
Tripura	16	26	9,61,453	26.17%	1
Uttar Pradesh	648	267	4,44,95,063	22.27%	61
Uttarakhand	74	41	30,49,338	30.23%	7
West Bengal	129	780	2,90,93,002	31.87%	60
Grand Total	4041	3892	37,72,40,435	31.15%	492

Source: Census 2011, MoUD, amrut.gov.in