

GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT

LOK SABHA

UNSTARRED QUESTION NO. 371

TO BE ANSWERED ON 22.07.2015

ASSISTANCE FOR URBAN SCHEMES IN KARNATAKA

No. 371 KUMARI SHOBHA KARANDLAJE:

Will the Minister of URBAN DEVELOPMENT be pleased to state :

- a) Whether the Government of Karnataka had sought continued support to the schemes that were launched under the erstwhile JnNURM;
- b) If so, the action taken/ being taken by the Ministry;
- c) Whether those schemes sanctioned during 2005-2012 and reported progress of more than 50% by Government of Karnataka would continue to get central support;
- d) If so, the details thereof;
- e) Whether the schemes sanctioned during 2012-14 and were released first instalment would be supported till 2017 and the remaining need to be submitted again under the new Atal Mission for Rejuvenation and Urban transformation (AMRUT) and States are given the liberty of prioritizing and sanctioning them; and
- f) If so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF URBAN
DEVELOPMENT
(SHRI BABUL SUPRIYO)

- a) & b): Yes Madam, The Utilization Certificates (UCs) sent by the Government of Karnataka were examined and the funds were released for the projects meeting the criteria as per JnNURM guidelines.

c) & d): As per the decision of Government of India, for the incomplete projects of JnNURM sanctioned up to 31.03.2012 in which 50% or more of the ACA has already been released and physical progress is at least 50% as on 31.03.2014 according to the reports given by the State Governments, the funding would be available up to 31.03.2017. The details of projects sanctioned for Karnataka under JnNURM during 2005-12 and which are eligible for funding till 31.03.2017, are annexed. In so far as funding for Buses is concerned, 100% ACA has already been released for bus funding projects sanctioned for Karnataka during 2005-12.

d) & f): Yes Madam, the projects sanctioned during the Transition Phase i.e. during 2012-14, and where first instalment was released, are eligible for funding till 31.03.2017. The remaining projects where first instalment could not be released have been considered to be non-sanctioned. JnNURM has already concluded on 31.03.2014. The State Government is free to submit proposals under other urban development schemes including AMRUT as per the relevant guidelines.. Under the new Mission AMRUT, GoI shall approve the State Annual Action Plan (SAAP) and States/UTs shall appraise, sanction and execute projects at their end making the States/UTs equal partners in planning and implementation of projects.

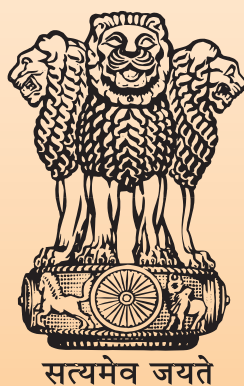
**Implementation status of projects which will get continued support from Central Government
(UIG)**

Amount in Lakhs

Sl. No.	Name of the State	Name of the City	Project Title	Sector	Approved Cost	Date of CSMC / CCEA / CCI Meeting/Project Approval	Total ACA Commitment (Central Share)	1st ACA Released	2nd ACA Released	3rd ACA Released	As per MoF Release Order - ACA Released till date	% of work completed (Physical Progress)	Financial Progress
1	Karnataka	Bangalore	Remodelling of Primary and Secondary storm water drain in Bangalore city at Vrushabhavathi valley including Kethamaramahalli and arkavathi minor valley I and Kathriguppa minor valley III (3 DPRs)	Drainage / Storm Water Drains	42,089.00	24-Nov-06	7,989.10	1997.27	1997.27	1997.27	5,991.81	57%	75%
2	Karnataka	Bangalore	Remodelling of Primary and Secondary storm water drain in Bangalore city, Koramangala valley	Drainage / Storm Water Drains	12,858.00	24-Nov-06	3,902.15	975.53	975.53	975.53	2,926.59	54%	75%
3	Karnataka	Bangalore	Underground Drainage works in Kengeri	Sewerage	1,876.36	7-Sep-07	656.73	164.18	98.51	164.18	426.87	75%	75%
4	Karnataka	Mysore	Remodelling of water supply Distribution network ,Automation and Integrated Management System for Mysore City	Water supply	17,917.75	8-Dec-06	14,334.20	3890.80	3890.08	2334.48	10,115.36	75%	75%



Mission Statement & Guidelines



**Ministry of Urban Development
Government of India
June 2015**

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

Mission Statement & Guidelines



सत्यमेव जयते

Government of India
Ministry of Urban Development
(June, 2015)

Contents

1.	Thrust areas	6
2.	Coverage	6
3.	Mission Components	6
4.	Fund Allocation	8
5.	Components to be Funded	10
6.	Preparation of Service Level Improvement Plans (SLIPs)	11
7.	State Annual Action Plan (SAAP)	13
8.	Execution	15
9.	Release of funds	17
10.	Programme Management Structure	19
11.	Appraisal of DPRs for projects	22
12.	Urban Reforms	24
13.	Capacity building	24
14.	Monitoring of projects	25
15.	District Level Review and Monitoring Committee (DLRMC)	25
16.	Audit and litigation matters	26
17.	Incomplete projects of JnNURM	26

Annexures

Annexure 1: Reforms Milestones and Timelines for AMRUT Cities	29
Annexure 2: Format of State Annual Action Plan	31
Annexure 3: List of Smart Solutions Developed by C-DAC	59
Annexure 4: Score Card for Cities/States	60
Annexure 5: Utilization Certificate Format (City Wise)	61
Annexure 6: Project Funds Request	62
Annexure 7: Annual Capacity Building Plan	65
Annexure 8: Scope of End-to-End Support	74

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

Providing basic services (e.g. water supply, sewerage, urban transport) to households and build amenities in cities which will improve the quality of life for all, especially the poor and the disadvantaged is a national priority. An estimate of the funds required over a 20 year period, at 2009-10 prices, was made by the High Powered Expert Committee (HPEC) during 2011. The Committee estimated that Rs. 39.2 lakh crore was required for creation of urban infrastructure, including Rs. 17.3 lakh crore for urban roads and Rs. 8 lakh crore for services, such as water supply, sewerage, solid waste management and storm water drains. Moreover, the requirement for Operation and Maintenance (O&M) was separately estimated to be Rs. 19.9 lakh crore.

Learnings from the earlier Mission have shown that infrastructure creation should have a direct impact on the real needs of people, such as providing taps and toilet connections to all households. This means that the focus should be on infrastructure creation that has a direct link to provision of better services to people and this was explicitly stated by the President of India in his speeches to the Joint Sessions of the Parliament on 9 June, 2014 and 23 February, 2015.

Therefore, the purpose of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) is to (i) ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorized transport (e.g. walking and cycling). All these outcomes are valued by citizens, particularly women, and indicators and standards have been prescribed by the Ministry of Urban Development (MoUD) in the form of Service Level Benchmarks (SLBs).

However, the pursuit of better outcomes will not stop with the provision of taps and sewerage connections to all (universal coverage). Other benchmarks will be targeted following a step-by-step process after achieving the benchmark of universal coverage. Such a gradual process of achieving benchmarks is called “**incrementalism**”. This does not mean that other SLBs are less important, but that in the incremental process SLBs are achieved gradually according to National Priorities. In the case of urban transport the benchmark will be to reduce pollution in cities while construction and maintenance of storm water drains is expected to reduce, and ultimately eliminate, flooding in cities, thereby making cities resilient.

Earlier, the MoUD used to give project-by-project sanctions. In the AMRUT this has been replaced by approval of the State Annual Action Plan once a year by the MoUD and the States have to give project sanctions and approval at their end. In this way, the AMRUT makes States equal partners in planning and implementation of projects, thus actualizing the spirit of **cooperative federalism**.

A sound institutional structure is the foundation to make Missions successful. Therefore, Capacity Building and a set of Reforms have been included in the Mission. Reforms will lead to

improvement in service delivery, mobilization of resources and making municipal functioning more transparent and functionaries more accountable, while Capacity Building will empower municipal functionaries and lead to timely completion of projects.

1. Thrust areas

1.1 The Mission will focus on the following Thrust Areas:

- i. water supply,
- ii. sewerage facilities and septage management,
- iii. storm water drains to reduce flooding,
- iv. pedestrian, non-motorized and public transport facilities, parking spaces, and
- v. enhancing amenity value of cities by creating and upgrading green spaces, parks and recreation centers, especially for children.

2. Coverage

2.1 Five hundred cities will be taken up under AMRUT. The list of cities will be notified at an appropriate time. The category of cities that will be covered in the AMRUT is given below:

- i. All Cities and Towns with a population of over one lakh with notified Municipalities, including Cantonment Boards (Civilian areas),
- ii. All Capital Cities/Towns of States/ UTs, not covered in 2.1(i),
- iii. All Cities/ Towns classified as Heritage Cities by MoUD under the HRIDAY Scheme,
- iv. Thirteen Cities and Towns on the stem of the main rivers with a population above 75,000 and less than 1 lakh, and
- v. Ten Cities from hill states, islands and tourist destinations (not more than one from each State).

3. Mission Components

3.1 The components of the AMRUT consist of capacity building, reform implementation, water supply, sewerage and septage management, storm water drainage, urban transport and development of green spaces and parks. During the process of planning, the Urban Local Bodies (ULBs) will strive to include some smart features in the physical infrastructure components. The details of the Mission components are given below.

3.1.1 Water Supply

- i. Water supply systems including augmentation of existing water supply, water treatment plants and universal metering.
- ii. Rehabilitation of old water supply systems, including treatment plants.
- iii. Rejuvenation of water bodies specifically for drinking water supply and recharging of ground water.

- iv. Special water supply arrangement for difficult areas, hill and coastal cities, including those having water quality problems (e.g. arsenic, fluoride)

3.1.2 Sewerage

- i. Decentralised, networked underground sewerage systems, including augmentation of existing sewerage systems and sewage treatment plants.
- ii. Rehabilitation of old sewerage system and treatment plants.
- iii. Recycling of water for beneficial purposes and reuse of wastewater.

3.1.3 Septage

- i. Faecal Sludge Management- cleaning, transportation and treatment in a cost-effective manner.
- ii. Mechanical and biological cleaning of sewers and septic tanks and recovery of operational cost in full.

3.1.4 Storm Water Drainage

- i. Construction and improvement of drains and storm water drains in order to reduce and eliminate flooding.

3.1.5 Urban Transport

- i. Ferry vessels for inland waterways (excluding port/bay infrastructure) and buses.
- ii. Footpaths/walkways, sidewalks, foot over-bridges and facilities for non-motorised transport (e.g. bicycles).
- iii. Multi-level parking.
- iv. Bus Rapid Transit System (BRTS).

3.1.6 Green space and parks

- i. Development of green space and parks with special provision for child-friendly components.

3.1.7 Reforms management & support

- i. Support structures, activities and funding support for reform implementation.
- ii. Independent Reform monitoring agencies.

3.1.8 Capacity Building

- i. This has two components- individual and institutional capacity building.
- ii. The capacity building will not be limited to the Mission Cities, but will be extended to other ULBs as well.
- iii. Continuation of the Comprehensive Capacity Building Programme (CCBP) after its realignment towards the new Missions.

3.1.9 Indicative (not exhaustive) list of inadmissible components

- i. Purchase of land for projects or project related works,
- ii. Staff salaries of both the State Governments/ULBs,
- iii. Power,
- iv. Telecom,
- v. Health,
- vi. Education, and
- vii. Wage employment programme and staff component.

4. Fund Allocation

4.1 The total outlay for AMRUT is Rs. 50,000 crore for five years from FY 2015-16 to FY 2019-20 and the Mission will be operated as a Centrally Sponsored Scheme. The AMRUT may be continued thereafter in the light of an evaluation done by the MoUD and incorporating learnings in the Mission. The Mission funds will consist of the following four parts:

- i. Project fund - 80% of the annual budgetary allocation.
- ii. Incentive for Reforms - 10% of the annual budgetary allocation.
- iii. State funds for Administrative & Office Expenses (A&OE) - 8% of the annual budgetary allocation
- iv. MoUD funds for Administrative & Office Expenses (A&OE) - 2% of the annual budgetary allocation

However, for FY 2015-16 the project fund would be 90% of the annual budgetary allocation as incentive for Reforms will be given only from FY 2016-17 onwards. The Mission funds would be allocated to States/UTs based on the following principles.

4.2 Project Fund

The project fund will be divided among States/UTs at the beginning of each year. An equitable formula will be used to distribute the annual budgetary allocation in which equal (50:50) weightage is given to the urban population of each State/UT (Census 2011) and the number of statutory towns in the State/UT. As the number of statutory towns are notified by States/UTs and will change during the Mission period, the formula will take into account changes in this number every year. The amount of project fund allocated will be informed to the States/UTs at the appropriate time. The Central Assistance (CA) for the projects will be in three instalments of 20:40:40 of the approved cost (Refer para 9).

4.3 Incentive for Reform

One purpose of the Mission is to improve governance through a set of Reforms. During the Mission period, 11 Reforms will be implemented. The list is given in Annexure 1. The following principles will govern the grant of incentives to States.

- i. Past experience shows that projects get delayed if release of project funds is linked to non-completion of Reforms. Therefore, the AMRUT shifts from penalization to

incentivization. Ten percent of the annual budget allocation shall be kept apart and given to the States/UTs every year as incentive for achievement of Reforms. The Mission will give incentives for the previous year at the start of the succeeding Financial Year (FY). The States/UTs shall do the self-assessment in the prescribed procedure given in Table 5.5 of Annexure 2. The National Mission Directorate, on receipt of the self-assessment, will announce the award of incentive to the States.

- ii. The incentive fund is an additionality that will be provided by the MoUD and no matching funds will be required to be given by the State/ULB.
- iii. The State High Power Steering Committee (SHPSC) will decide the use of the incentive amount. The incentive award will only be used in Mission cities on admissible components of the AMRUT, including new projects. The SHPSC will inform the MoUD of the use of incentive funds on projects.
- iv. The incentive cannot be used as the State share in project in the AMRUT, but can be used by the ULBs for their project funding.
- v. Unutilised funds for Reform incentives will be transferred to Project Fund every year.

4.4 **State Fund (Administrative & Office Expenses)**

- i. The funds will be allocated to all States/UTs on the equitable formula given in para 4.2.
- ii. The use of these funds will be recommended by the SHPSC and will form a part of the State Annual Action Plan (SAAP).
- iii. This fund will be utilised for capacity building programmes and will not be used for purchase of vehicles, construction and maintenance of buildings, creation of posts, payment of salary and purchase of furniture and fixtures, etc.
- iv. Hiring of professionals and support teams on contract to support the implementation of Mission at all levels will be permissible as set out in the guidelines and after following fair and transparent procedures.
- v. The funds for capacity building will be released in similar instalments as given for project funds above.
- vi. Taking up activities connected to E-Municipality as a Service (E-MAAS).
- vii. Displaying the logo and tagline of AMRUT prominently on all projects.
- viii. Institutional arrangements that support Mission implementation will be eligible to be funded from this fund, including ongoing Comprehensive Capacity Building Programme (CCBP) and Independent Review & Monitoring Agencies (IRMA).

4.5 **MoUD Fund (Administrative & Office Expenses)**

- i. The fund will be utilized at the National Mission Directorate level (including the Urban Transport Division) for capacity building, Mission Directorate, convening National & regional workshops, giving awards and recognition of best practices, up-scaling and replication of best practices and smart solutions, commissioning of research

and applied studies through, say, Centres of Excellence and other institutions and international cooperation for capacity building and technology development.

- ii. Taking up activities connected to E-MAAS.
- iii. The Apex Committee will decide on the use of these funds for any other purpose.

5. Components to be Funded

5.1 The funding pattern of projects indicating the share of Central Government/State Government/ULBs/private sector is given below.

S.No.	Components	Funding Pattern
1.	<p>Water Supply:</p> <ul style="list-style-type: none"> • New, augmentation and rehabilitation of water supply system. • Rejuvenation of water bodies for water supply and recharge of ground water. • Special arrangements for difficult areas, hills and coastal cities. 	<ul style="list-style-type: none"> • One-third of the project cost as grant from Gol for cities with a population of above 10 lakh. • One-half of the project cost as grant for cities/towns with population up to 10 lakh. • Balance funding by State Governments / ULBs or through private investment. <p>The tender will include O & M for five years based on user charges. For the purpose of calculation of the project cost, the O&M cost will be excluded; however, the States/ULBs will fund the O&M through an appropriate cost recovery mechanism in order to make them self-reliant and cost-effective.</p> <p>The SLIPs (refer para 6) will first provide for provision of water and sewerage connections to all households.</p>
2.	<p>Sewerage:</p> <ul style="list-style-type: none"> • New, augmentation and rehabilitation of sewerage systems and treatment plants. • Recycling water for beneficial purposes and • Reuse of waste water. 	
3.	<p>Septage:</p> <ul style="list-style-type: none"> • Faecal sludge management – (cleaning, transporting and treatment), particularly mechanical & biological cleaning of septic tanks and sewers. 	
4.	<p>Storm water drains:</p> <ul style="list-style-type: none"> • Construction & improvement of drains and storm water drains 	
5.	<p>Urban transport:</p> <ul style="list-style-type: none"> • Sidewalks, foot over bridges, non-motorized transport, buses, BRTS, multi-level parking, waterways and ferry vessels. 	

6.	<ul style="list-style-type: none"> Development of green spaces and parks with special provision for child-friendly components. For parks, ULBs will have to establish a system for maintenance with local resident participation. 	One-half of the project cost by Gol and the total expenditure on these projects will not exceed 2.5% of the State Annual Action Plan (SAAP).
7.	<ul style="list-style-type: none"> Capacity Building and Reforms support 	Full (100%) by Gol, based on existing norms and unit costs set by the Apex Committee.
8.	<ul style="list-style-type: none"> A&OE (PMU/PIU/DPR cost, etc.) 	

6 Preparation of Service Level Improvement Plans (SLIPs)

- 6.1 The primary purpose is to cover all households with water supply and sewerage (including septage). For this the Service Level Improvement Plan (SLIP), as given in part 2 of Annexure 2, has to be prepared by each ULB and the strategic steps are given below.
- 6.2 **Assess the service level gap:** The AMRUT builds on the available data, information and plans on water supply and sewerage with the States/ULBs. If we take the zone as the basic unit to assess existing levels of coverage of water supply and sewerage, the number of households in the zone having water tap/sewerage connections and those not having these facilities will be taken from the Census (2011) or the baseline survey done by the MoUD¹ (No new baseline survey is envisaged and the State/ULB should accept /endorse the earlier baseline). The zone-wise gaps will be added to arrive at the service level gap in water supply and sewerage in the ULB.
- 6.3 **Bridge the gap:** Once the gap between the existing number of households having water and sewerage/septage connections against the total number of households is computed, plans will be prepared to bridge the gap by using one or more of the components set out in para 3 under the heads of water supply and sewerage/septage. All households in a zone will be covered and this exercise should be done separately for water supply and sewerage and will be a part of the SLIP (Table 2.1; Annexure 2).
- 6.4 **Examine alternatives:** The ULBs will have to examine alternatives available to them. For example, one State/ULB may require addressing gaps in distribution. Another State/ULB may require a common grid connecting many localities to a distant water source. In sewerage, some States/ULBs may choose a mix of centralised and decentralised systems. A State/ULB with high urban densities may choose centralised network based systems. Moreover, considering the cost of sewerage network systems, some ULBs may opt for efficient septage management systems. Therefore, a one-size-fits-all approach will not work and alternatives should be generated in order to do more with less resources and do it in a way that the benefits reach the people in the form of taps and toilets.

¹ See Service Levels in Urban Water and Sanitation Sector (2012), Status Report (2010-11), MoUD, Government of India.

- 6.5 **Estimate the cost:** The cost (both capital and O&M) of each project will be prepared based on line (or abstract) estimates. An important output will be the **total requirement of funds for achieving universal coverage for water supply and sewerage (Master Plans)** for each ULB (see Table 2.1; Annexure 2) and the full State (see Table 3.1; Annexure 2). All relevant and appropriate technical and financial norms prescribed in the JnNURM will apply to the AMRUT Mission; no contingencies or cost escalation will be permissible and no incomplete or already started projects will be included.
- 6.6 **Prioritize:** The maximum amount the Central Government will give as project finance is given in para 5 above. If resources are available to achieve universal coverage in one year, then the ULB will propose the same. However, if sufficient resources are not available to achieve universal coverage in the ULB and the Mission has to be implemented in several years, the ULB will prioritize the zones to be taken up in the first, second, third, fourth and fifth year of the Mission. Universal coverage will start with water supply followed by sewerage in that order. Depending on availability of funds, universal coverage of water supply and sewerage can also be done together. After universal coverage is achieved, the State/ULBs will decide on the next priority – a ULB may decide to construct storm water drains or fund urban transport depending on whether the local priority is to reduce frequent flooding or reduce vehicle-induced pollution. All in all, universal coverage of water and sewerage is a National Priority and this is the first objective to be achieved by the States/ULBs.
- 6.7 However, as given in para 5 above, upto 2.5 percent of the annual allocation may be used to develop parks having child friendly features together with preparing guidelines to entrust park maintenance with funds and functionaries to the local interested stakeholders. This is also a Reform in the AMRUT.
- 6.8 **Out-of-box thinking:** There should be a ‘decisive break with the past’ during the preparation of the SLIPs by the ULBs. For example, instead of pumping water from long distances involving huge capital and electricity consumption costs, the States/ULBs should examine alternatives, such as **water recycling and reuse**. The benchmark is that at least 20 percent of the waste water generated in ULBs should be recycled and the norms for recycled water for non-potable uses have already been prescribed. Another way is to make the water system more efficient by reducing unaccounted water (non-revenue water) to less than 20 percent, which is also a part of the Reforms to be implemented by the States/ULBs and is supported in the AMRUT.
- 6.9 During design and preparation of technical estimate, low cost options will be given preference (frugal engineering) and Smart Solutions applied in order to reduce costs and make services better. A list of Smart Solutions developed by the Centre for Development of Advanced Computing (C-DAC) is given in Annexure 3.
- 6.10 **Conditionalities:** Non-availability of land or delayed availability was one of the key factors that had delayed projects in the earlier Mission. Another connected issue is obtaining clearances from other departments. **Therefore, in the AMRUT no projects should be included which do not have land available and no project work order should be issued if all clearances**

from all the departments have not been received by that time. Moreover, the cost of land purchase will be borne by the States/ULBs. Finally, the AMRUT funds should not be used to complete some components in the JnNURM which were shown in the Detailed Project Report submitted and approved by the MoUD. For example, if the main lines have been laid by using JnNURM grants and provision of taps was also a part of the project, but has not been provided by the ULB, then such left over portions are not eligible for funding in the AMRUT.

- 6.11 **Resilience:** Incorporation of resilience and securing projects against disasters will be done at the stage of preparation of the SLIP itself, particularly for the vulnerable and the poor, and at the project development stage where disaster-secure engineering and structural norms would be included in the design. This will be again ensured by the States/ULBs while preparing the SAAPs.
- 6.12 **Financing:** Financing of projects, including the O&M costs, is a key aspect of the SLIPs. For each option, the capital cost and O&M cost has to be estimated. Different sources of finance have to be identified. At the ULB level, the contribution from internal sources (e.g. taxes, fees, others), external sources (e.g. transfers from States, project fund from Central/State Governments, others) and possibilities of debt, bonds and others has to be assessed. The challenge is to motivate citizens to share the additional cost. One way is to take a loan for project funding for a locality and repay the loan through an increase in property taxes for, say, 10 years in that locality only. This is called Tax Increment Financing (TIF).
- 6.13 Dovetailing of funds through convergence with other Central and State Government Programs/ Schemes with the AMRUT is also another source of funding. At the stage of preparation of SLIP itself, cities must seek convergence with Smart Cities Mission, Swachh Bharat Mission (SBM), National Heritage City Development and Augmentation Yojana (HRIDAY), Digital India, Skill development, Namami Gange, Housing for All, etc.
- 6.14 **Reforms:** Implementation of Reforms is an important objective of the SLIP. The ULBs have to prepare a roadmap for Reforms which will be consolidated by the State Mission Director and included as part of the SAAP. Some Reforms require more funds than others. Assessment and collection of user charges, property tax, fee, and so on are examples of activities requiring hardly any additional funds. If funds are required to implement Reforms they can be accessed from, (i) the allowed components of the AMRUT, (ii) the State A&OE funds, or (iii) the Capacity Building for Urban Development (CBUD) program funded by the World Bank. All these should form part of the SAAP; however, duplication and redundancy should be avoided at the time of preparing the SLIP and the SAAP (Annexures 2 & 7).

7. State Annual Action Plan (SAAP)

- 7.1 The basic building block for the SAAP will be the SLIPs prepared by the ULBs. At the State level, the SLIPs of all Mission cities will be aggregated into the SAAP. Therefore, the SAAP is basically a State level service improvement plan indicating the year-wise improvements in water-supply and sewerage connections to households.

- 7.2 **Principles of Prioritization:** The States will decide on the inter-ULB allocation based on gap analysis and financial strength of ULBs and choose those ULBs in the first year that have higher gaps in provision of water supply and sewerage. The prioritization of ULBs for funding will be done after consultation with local MPs, Mayors and Commissioners of the concerned ULBs. Financially weaker ULBs can be financed to a greater extent. Urban Local Bodies with a high proportion of urban poor could receive a higher share. Moreover, the potential Smart cities will be given first preference because the Smart Cities Mission and the AMRUT are complementary. Based on prioritization by the States and resources available, the States will send the SAAP upto three times the Central Assistance (CA) allocated to the State during 2015-16 (because a project is likely to take three years for completion and the funding will be given in three instalments) and the outstanding CA of the previous year plus the annual allocation of the year in the subsequent years. As a result, different ULBs within a State may become entitled to different funding patterns, but the share of the Centre will be fixed as given in these Guidelines.
- 7.3 **Importance of O&M:** Experience with past programmes has shown that once projects are completed the ULBs pay little attention to the operation and maintenance of infrastructure assets created. Therefore, projects being proposed to the MoUD in the SAAP will include O&M for at least five years to be funded by way of levy of user charges or other revenue streams. However, for the purpose of calculation of the project cost, the O&M cost will be excluded and the States/ULBs will fund the O&M through an appropriate cost recovery mechanism in order to make them self-reliant and cost-effective.
- 7.4 **Financing of projects:** Financing is an important element of the SAAP. The table given in para 5 indicates the maximum share which will be given by the Central Government. The States/ULBs have to plan for the remaining resource generation at the time of preparation of the SAAP. The financial share of cities will vary across States. In some States, the ULBs may be in a position to contribute significantly to the project cost as compared to a ULB in another State. Accordingly, States have to decide during formulation of the SAAP how the residual financing (over and above Central Government share) is shared between the State, ULBs and any other source identified by the State/ULB (e.g. PPP, market borrowing). **However, the State contribution to the SAAP will not be less than 20 percent of the total project cost.**
- 7.5 Importantly, at the State level the SAAP should only contain those projects where complete project cost is completely linked with revenue sources. This will include dovetailing with other sectoral and financial programmes of the Centre and State Governments. A useful way is to create a Financial Intermediary, also a Reform in the AMRUT, in order to pool funds from all sources and release funds to ULBs in time. Such intermediaries will also be able to access external sources of finance, such as debt and bonds, which small and financially distressed ULBs are unable to access. The potential opened by the promulgation of Regulations by the SEBI for municipal bonds can be fully realized by such an intermediary. During the process of developing the SAAP, the States/UTs should explore the possibility of using Public Private

Partnerships (PPP), which should be the preferred execution model. The PPP should include appropriate Service Level Agreements (SLAs) with strong citizen feedback built into it. This will lead to the People Public Private Partnership (PPPP) model.

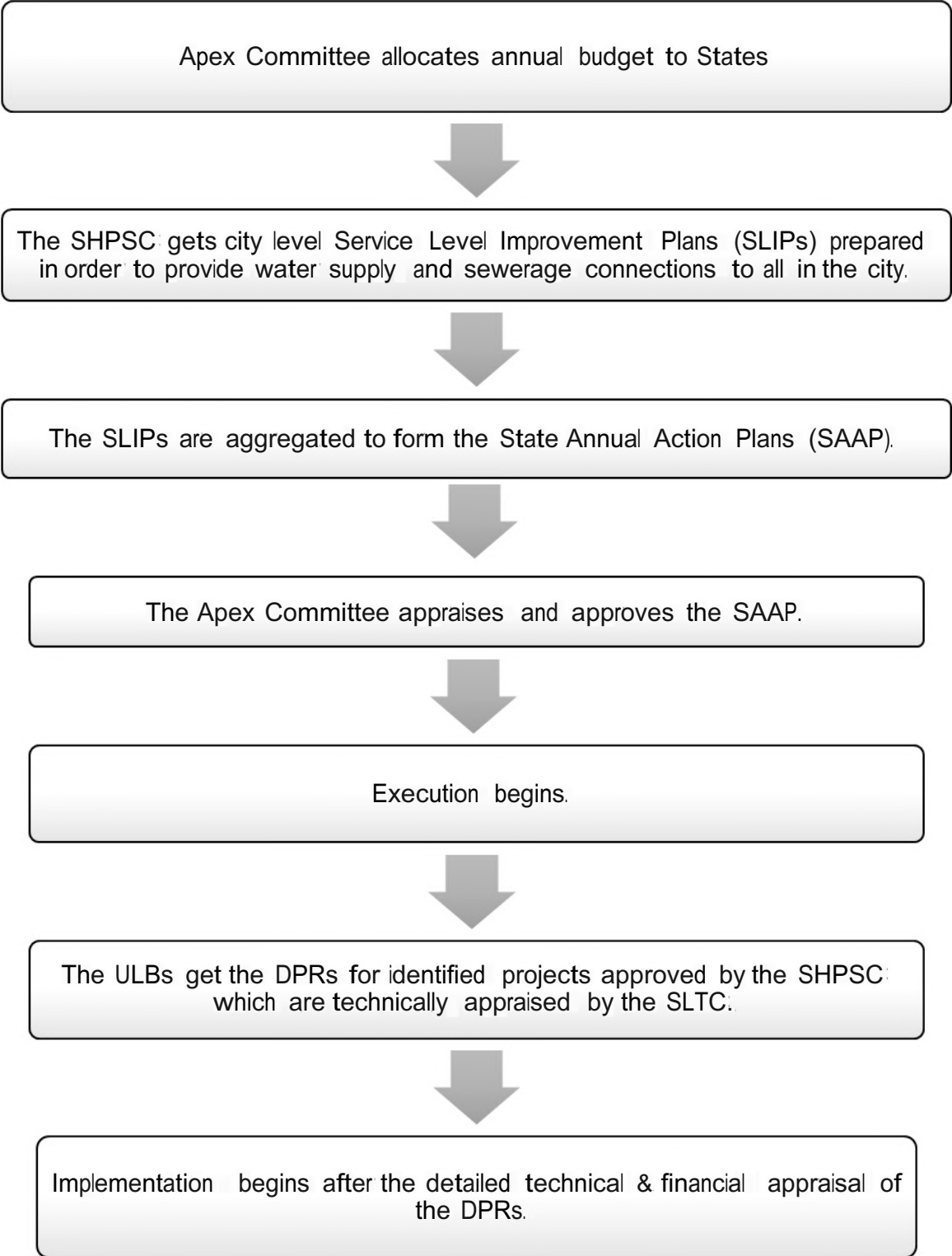
7.6 **Approval of SAAP:** The SAAP will be approved by the MoUD once a year according to the schedule given by the Apex Committee. The Apex Committee may revise the SAAP, approve with conditions or return it for rectification of gaps. The AMRUT will provide **project funds to ULBs through the States**. Some of the criteria to evaluate the SAAP by the MoUD are given below.

- i. How well has the State Government diagnosed service level gaps ?
- ii. How well has the State planned and financed capital expenditure ?
- iii. How well has the State moved towards achievement of universal coverage in water supply and sewerage/septage and thereafter other benchmarks in these two sectors and in urban transport and storm water drain construction ?
- iv. What is the expected level of the financial support from the Central Government and how well have State/ULB and other sources of finance been identified and accessed ?
- v. How fairly and equitably have the needs of the ULBs been given due consideration ?
- vi. Have adequate consultations with all stakeholders been done, including citizens, local MPs and other public representatives ?

8. Execution

8.1 **Projects will be executed by ULBs.** In case the ULBs do not have adequate capacity to handle projects, the State Government may recommend in SAAP, upon a Resolution passed by the ULB, for the execution of the projects by specialized parastatal agencies of the State or Central Governments. Such arrangements should necessarily be executed by way of a tripartite Memorandum of Understanding (MoU) amongst the State Government, the specialized Parastatal agencies and the concerned Municipality. In such a case, the capacity of the ULBs will be augmented through the capacity building component of the AMRUT. The maintenance and upkeep of the created assets will be the responsibility of the ULB and the State Government.

8.2 The MoUD will not give project-by-project approvals or technically sanction project DPRs; the States/UTs will be solely responsible for these activities. The MoUD has prepared comprehensive manuals and issued guidelines and advisories on solid waste management, sewerage, water supply, urban transport, etc. The State Level Technical Committee (SLTC) will ensure compliance with these technical documents. The flow chart given below gives the details of the complete process of planning, approval and implementation of the AMRUT.



8.3 Some of the factors identified for the slow implementation of projects are related to project design, process of tendering, cost escalation due to delays and delay in calling and settling tenders and difference in approved cost and cost shown in Detailed Project Reports (DPRs). In order to overcome these constraints, the States/ULBs should follow an approach in which end-to-end support for project design, development, implementation and management is provided to ULBs/States by external entities. Specifically, the assistance will be given for preparation of the SLIP, SAAP, DPR, etc. The external entities will be called Project Development and Management Consultants (PDMCs). A model Scope of work for providing end-to-end assistance by external entities is given at Annexure 8 and this will enable States/UTs to procure PDMCs. A model Request for Proposals (RfP) is also available in the Mission Toolkit.

9. Release of funds

9.1 The funds will be released in three instalments of 20:40:40. The funds will be kept in separate bank account by the implementing agency as was done in the earlier Mission. Immediately after announcement of the AMRUT, each Mission City will be given an advance of Rs. 25 lakh for preparation of SLIP/individual capacity building which will come from the ULB's share of the A&OE funds and will be adjusted in its share at the time of release of the first instalment.

9.2 The first instalment will be released immediately after approval of the SAAP by the Apex Committee. The second and third instalment will be released on receipt of (i) Score Card, (ii) Utilization Certificates, and (iii) Project Funds Request. The request formats given in Annexures 6.1 and 7.3 (capacity building progress) will be sent by the ULBs to the State Mission Directors. In turn, the State Mission Directors will consolidate these requests and send their reports in the formats given in Annexures 6.2 and 7.4 (capacity building progress) along with the Score Cards and the Utilization Certificates given in Annexures 4 and 5, respectively, to the MoUD.

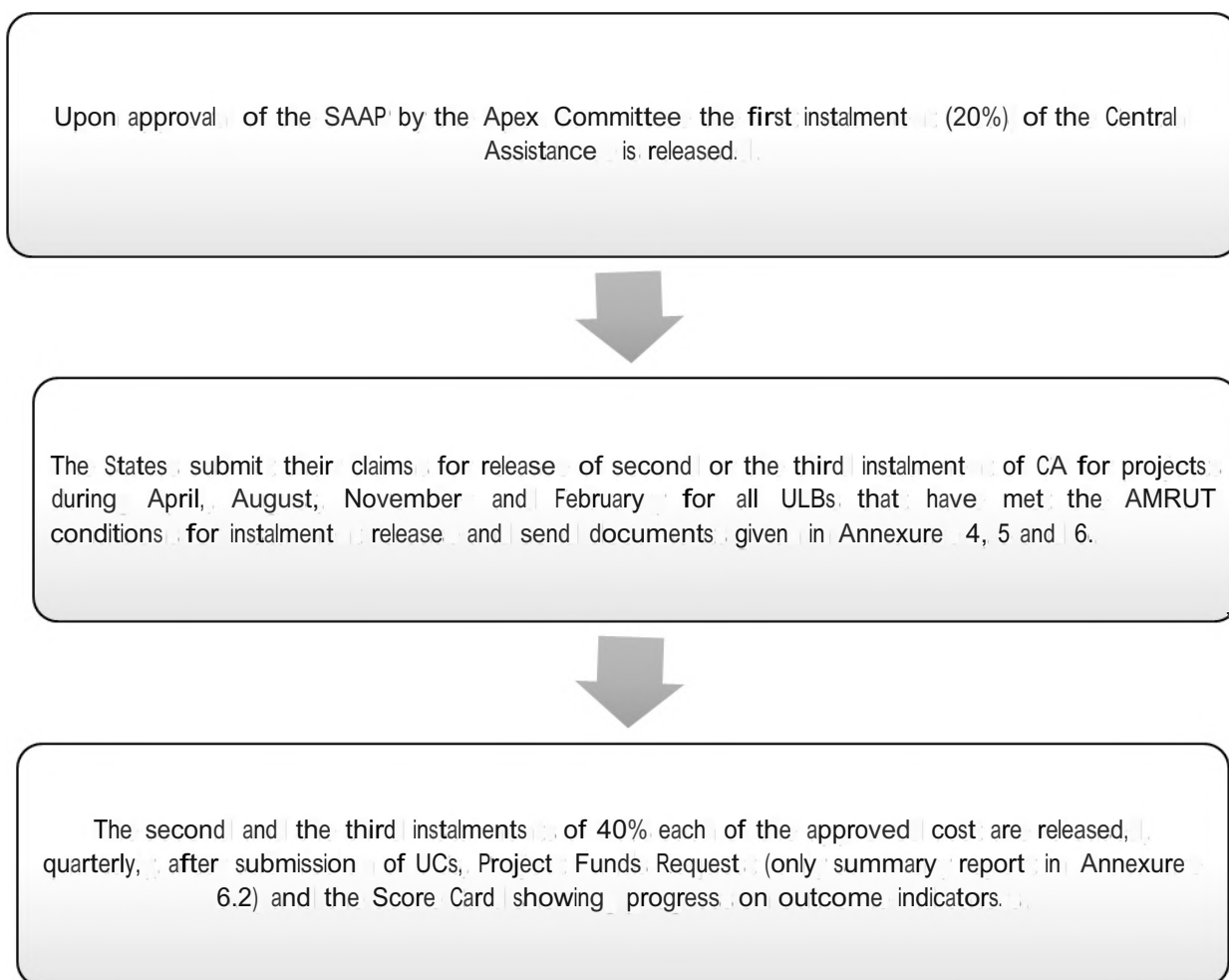
9.3 These documents should show, (i) utilisation of 75% of the amount already released by the Centre and State according to the funding pattern given in para 5, (ii) utilization of the State/ULB/Private Sector shares, and (iii) meeting the service level milestones as assured in the roadmap contained in SAAP and certified in the report of the Independent Review And Monitoring Agency (IRMA). Importantly, release of the second and third instalments of CA will be subject to, (a) mobilizing the assured resources as given in the SAAP by the States/UTs, and (b) any other conditions imposed by the SHPSC and the Apex Committee. Recognizing the fact that all approved projects may not be progressing at an equal pace, States may, in exceptional circumstances, submit their proposals for release of second and third instalments for a set of ULBs/projects as and when 75 percent utilization and other conditions are fulfilled (see flow chart on page 18).

9.4 At the end of third quarter of every year the Apex Committee will review the utilisation of allocations by States and shall reallocate funds from non-performing to the performing States/ULBs based on their performance and potential to utilize funds. Any excess or shortfall

in the first instalment of 20% released on the basis of estimated cost shall be adjusted while releasing the second instalment of CA which will be based on approved cost. The approved cost is the appraised cost or the tendered cost of the project (whichever is less) and has to be taken into account by the SHPSC. Diversion of Central Grants for purposes other than the Mission projects shall entail levy of penal interest on the amount and any other action by the Apex Committee and may include adverse effect on release of grants.

9.5 The learnings from earlier programmes have pointed to the fact that timely release of project funds by the State Governments is critical to project completion; therefore, the States should release the CA funds along with State share to the ULBs within seven working days of release of Central share by MoUD otherwise interest at the rate specified by the Ministry of Finance shall be levied on the State for any delay beyond seven days and appropriate deductions made from future instalments.

9.6 The flow chart below gives the steps in the release of funds.



10. Programme Management Structure

10.1 National level

An Apex Committee (AC), chaired by the Secretary, MoUD and comprising representatives of related Ministries and organisations will supervise the Mission. The composition of the Apex Committee will be:

i.	Secretary (MoUD)	Chairman
ii.	Secretary(Department of Expenditure)	Member
iii.	Secretary(Department of Economic Affairs)	Member
iv.	Principal Advisor(HUD), NITI Ayog	Member
v.	Secretary (Drinking Water & Sanitation)	Member
vi.	Secretary(Ministry of Housing & Urban Poverty Alleviation)	Member
vii.	Secretary (Environment & Forest)	Member
viii.	Joint Secretary & FA, MoUD	Member
ix.	OSD(UT), MoUD	Member
x.	Adviser(CPHEEO)	Member
xi.	TCPO	Member
xii.	Director, NIUA	Member
xiii.	Mission Director (MoUD)	Member Secretary

The Apex Committee may co-opt any representative from any Government Department or organisation as Member or invite any expert to participate in its deliberations. The functions of the Apex Committee are:

- i. Approve the SAAP submitted by the State High Powered Steering Committee, including the Annual Comprehensive Action Plan for Capacity Building of States, the Reform roadmap in the SAAP.
- ii. Allocate and release funds to the States/UTs/Mission Directorate.
- iii. Overall monitoring and supervision of the Mission.
- iv. Advise the State/UT/implementing agencies on innovative ways for resource mobilization, private financing and land leveraging.
- v. Confirm appointment of organisations, institutions or agencies for third party monitoring (IRMA).
- vi. The Apex Committee may delegate, as it considers appropriate, some of the functions within prescribed limits to the Mission Director for ensuring speedy implementation of the Mission.
- vii. Formulate the threshold of physical progress of project at which to release funds to the States.

The Apex Committee will meet according to requirements but at least once in three months. There will be a National Mission Director, who will not be below the rank of Joint Secretary to Government of India who will be the overall in-charge of all activities related to the Mission. The Mission Directorate will take support from subject matter experts and such staff, as considered necessary. The National Mission Director will be the Member Secretary in the Apex Committee.

10.2 State level

A State level High Powered Steering Committee (SHpsc) chaired by the State Chief Secretary, shall steer the Mission Programme in its entirety. An indicative composition of the SHpsc is given below.

i.	Chief Secretary	Chairman
ii.	Pr.Secretary(PHE)	Member
iii.	Pr.Secretary(Finance)	Member
iv.	Pr.Secretary(Housing)	Member
v.	Pr. Secretary(Environment & Forest)	Member
vi.	Representative of MoUD	Member
vii.	Mission Director (if different from viii below)	Member
viii.	Pr. Secretary(UD)	Member Secretary

The SHpsc may co-opt member(s) from other State Government Departments/Government organisations and may also invite experts in the field to participate in its deliberations. There would be a State Mission Director who will be an officer not below the rank of Secretary to the State Government, nominated by the State Government, with a Programme Management Unit (PMU) and a Project Development and Management Consultant (PDMC). With the establishment of PDMCs, the AMRUT will not support the PMUs and Project Implementation Units (PIUs) set up under earlier Mission. Moreover, the States will ensure that there is no overlap in the functions of these Mission support structures. In case a PMU has already been established under the CCBP, another PMU will not be supported from the Mission funds. The functions of the SHpsc are:

- i. Identify the gaps in infrastructure based on SLBs, need for individual and institutional capacity building, ways and means to achieve urban reforms, finalisation of the financial outlays, etc. of the Mission Cities/Towns.
- ii. Prepare the SAAP based on the SLIPs of the ULBs of the State prioritising cities and projects based on available resources each year, as prescribed in the Mission Statement and Guidelines.
- iii. Approve the projects after they are technically appraised and sanctioned by the State Level Technical Committee (SLTC). All project approvals shall be accorded by the State HPSC provided these projects are included in the approved SAAP. No project shall be referred to the MoUD for sanction. In the entire project approval, procurement and execution process, the State HPSC shall ensure that all the provisions of State Financial Rules are followed.

- iv. Plan the fund flow in short, medium as well as long term. Explore innovative ways for resource mobilization, private financing and land leveraging for funding of projects.
- v. Fix the State and ULB share of contribution towards the projects in addition to the Central Government Grant specified in para 5 of these Guidelines.
- vi. Look into complaints of poor quality, lack of supervision and other violations. Monitor the quality of work and reports of appraisal by third party assessors and others and take action at their end.
- vii. Recommend proposals for release of instalment of funds for on-going projects to the National Mission Directorate.
- viii. Follow-up action to establish a Financial Intermediary, allocate and release the Central and State share of funds in time for execution of projects.
- ix. Recommend a roadmap and milestones for implementation of Reforms in the State/ULBs for approval of the Apex Committee. Review the progress of committed Urban Reforms at the State and ULB level.
- x. Monitor the progress of implementation of the Mission, including project implementation in ULBs.
- xi. Monitor outcome and O&M arrangements of projects sanctioned and completed under the Mission.
- xii. Periodically, review the progress of capacity building and training activities.
- xiii. Organise timely audit of the funds released and review the Action Taken Reports on various Audit reports relating to the earlier Mission and the new Mission and on other reports including that of third party, Project Development and Management Consultants and the elected representatives of the ULBs.
- xiv. Bring about inter-organisation coordination and collaboration for better planning and implementation of the Mission Programme.
- xvi. Any other matter relevant for the efficient implementation of the Mission or referred by the National Mission Directorate.
- xvii. Monitor the legal issues/cases in courts, if any.

10.3 City Level

At the City level the ULB will be responsible for implementation for the Mission. The Municipal Commissioner will ensure timely preparation of SLIP (para 6 & Annexure 2). The ULBs will develop DPRs and bid documents for projects in the approved SAAP. The ULBs will ensure city level of approvals of DPRs and bid documents and forward these to the SLTC/SHPSC for approvals. Urban local bodies will procure implementation agencies as provided in the financial rules and regulations and after award of work, ensure its timely completion. For this, the ULBs will take support from PDMCs to perform these activities as given in section 8. The ULB will also develop a road map for Reform implementation and capacity building as given in Annexures 2 (Table 5.1) and 7, respectively. The ULB will also be responsible for building coordination and collaboration among stakeholders for timely completion of projects without escalation of project cost.

11. Appraisal of DPRs for projects

11.1 The SHPSC shall constitute a SLTC with representatives from the concerned Departments/Organisations, which will carry out the technical and financial appraisal of the DPRs. The composition of the SLTC is given below.

- | | | |
|-------|---|------------------|
| i. | Pr.Secretary(UD)/Secretary(UD) | Chairman |
| ii. | Water Resources/Ground Water Department | Member |
| iii. | Revenue/Land Department | Member |
| iv. | Town Planning Department | Member |
| v. | Slum Development Board | Member |
| vi. | Electricity Department | Member |
| vii. | Representative of CPHEEO, MoUD | Member |
| viii. | Finance Department | Member |
| ix. | Mission Director
(if not Chairman/Member-Secretary) | Member |
| x. | Technical Head (e.g. Engineer-in-Chief)
Urban Water Supply & Sewerage Board/
For transport projects – Road Transport
Corporation MD/ED | Member-Secretary |

11.2 The SHPSC may nominate more members on the SLTC from other concerned State Government Departments/Government organisations, if considered necessary. The key functions of the SLTC are:

- i. Approve the technical parameters such as scope, objectives and final deliverables of the Project, Internal Bench Mark (IBM)/deciding basic parameters/approval of bid documents/evaluation criteria, and payment schedule. For this purpose, the SLTC shall take into consideration manuals, guidelines and advisories issued by MoUD in the relevant sector and ensure compliance in the DPR (see para 9 also)².
- ii. Incorporate resilience and secure projects against disasters and ensure that disaster-secure engineering and structural norms are included in the design.
- iii. While giving technical sanction, the SLTC will make sure that contingencies or cost escalation are not included in the estimates and all technical and financial norms of the JnNURM are followed in estimate preparation, technical sanction of projects, tender acceptance, extension, etc.
- iv. While giving technical sanctions, the SLTC shall also examine the Internal Rate of Return (IRR) both FIRR and EIRR, and Recurring Cost of Capital Expenditure (RCCE).
- v. Approve the tenders.

- vi. Take corrective action on the reports of IRMA and other quality control reports.
- vii. Analyse the Project Funds Request Report given in Annexure 6.1 and take corrective action to ensure timely completion of projects without any escalation in costs.
- viii. Appoint PDMCs.

²1. Checklist for submission and scrutiny of DPR (Sewerage and Sewage Treatment) Ministry of Urban Development, Government of India March 2012-<http://urbanindia.nic.in>

2. Checklist for submission and scrutiny of DPR (Water Supply) Ministry of Urban Development, Government of India March 2012-<http://urbanindia.nic.in>

3. Checklist for submission and scrutiny of DPR (Storm Water Drainage)

12. Urban Reforms

- 12.1 A National Conclave was held with Ministers of Housing and Urban Development of States/UTs in New Delhi on 2 and 3 July, 2014 and a National Declaration on Urban Governance and 'Housing for All' was adopted during the National Conclave. The Reforms to improve service delivery, mobilize resources and make municipal functioning more transparent and functionaries more accountable are based on the spirit of the National Declaration.
- 12.2 Specifically, the Mission 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 as given in Annexure 2 (Tables 5.1 to 5.4). The State has to submit the roadmap of implementation as part of the SAAP, which will include Reforms to be implemented at both the State and ULB levels.
- 12.3 During the earlier mission, 10% ACA was retained for non-completion of Reforms. However, the AMRUT incentivizes Reforms implementation by setting aside 10% funds as incentives for States/ULBs. The incentive fund will be in addition to the Central Share as allocated annually. The incentive will be based on a self-assessment done by the ULBs and confirmed by the SHPSC on the report of the IRMAs. Self-appraisal will be part of the SAAP and the method is given in Annexure 2 (Table 5.5).

13. Capacity building

- 13.1 States will take up extensive Capacity Building Activities for their ULBs to achieve urban reforms and implement projects in Mission mode. They shall submit an annual plan for capacity building, as part of the SAAP, to MoUD for approval, as given in Annexure 7.2 (Form 7.2.1-7.2.4). The Comprehensive Capacity Building Programme (CCBP) will be realigned towards the priorities of the new MoUD Missions by the Mission Director. The plan will have two components individual and institutional capacity building.
- 13.2 **Individual capacity building:** The key features are demand driven periodic training, recognition of practices and functionaries, independent assessment of training outcomes and mentoring and peer networking. Individual capacity building will include the following type of activities.
- i. Strategic training plan based on Training Needs Assessment (TNA).
 - ii. Exposure visits.
 - iii. Workshops, seminars, research studies and documentation.
 - iv. Individual capacity building focusing on coaching and task-related assistance from peers and mentors.
 - v. Visibility, including preparation of Information Education and Communication (IEC) materials.

13.3 **Institutional capacity building:** The focus will be on building the institutional capacity of ULBs by using Consulting Firms and other entities.

14. **Monitoring of Projects**

14.1 The Mission will be monitored real-time at the State and ULB level. Moreover, information and data will be shared with citizens in the public domain and third party monitoring and review encouraged. There will be a quarterly external monitoring by the Independent Review and Monitoring Agency (IRMA). The IRMA will submit the quarterly report to the ULB/parastatal and the SLTC. The comments of the ULB and the SLTC will be examined by the SHPSC and action taken. The State Mission Director will submit the action taken on the IRMA report at the time of claiming funds in the AMRUT. Similarly, the IRMA will do a half-yearly appraisal of Reform implementation. Concretely, monitoring will consist of the following elements.

- i. All projects will be periodically monitored and reviewed by Apex Committee and will be subjected to various audits by external and empanelled agencies, internal auditors as well as by C&AG and State AGs.
- ii. The MoUD, States and the ULBs will track objectives and other key indicators using Information Technology based solutions, periodically, and release of funds will be linked to achievement of key performance targets given in the SAAP. Online real-time net-based monitoring will be done, with the aid of cyber tour of worksite, preferably using cameras in mobiles and third party review and real-time evaluation will also be done.
- iii. At the State level, the State HPSC would undertake detailed scrutiny of the projects at the proposal stage and monitoring during the execution.
- iv. The State HPSC shall submit a Quarterly Score Card given in Annexure 4.
- v. The Mission will support a National Performance Monitoring Cell for monitoring implementation of SLBs in urban basic services.
- vi. The ULBs would be required to closely monitor the projects through their elected representatives and ULB bodies and through direct citizens' feedback using mobiles and e-groups. A strong component of public disclosure through websites will also be built in.
- vii. Third party review by IRMA for projects and for Reforms shall be carried out. This agency will be hired from amongst specialised/technical agencies.

15. **District Level Review and Monitoring Committee (DLRMC)**

15.1 A District Level Review and Monitoring Committee (DLRMC) will be constituted and Member(s) of Parliament will be the Co-chairperson with the District Collector. The DLRMC will monitor and review the implementation of the AMRUT projects.

16. Audit and litigation matters

- 16.1 The State Mission Directorate shall be responsible for all matters connected with C&AG Audit and litigation including cases before Courts/Tribunals and Arbitrators. The State Mission Directorate shall be responsible for defending the Central Government interests on behalf of the National Mission Directorate/MoUD.

17. Incomplete projects of JnNURM

- 17.1 Detailed instructions regarding coverage of incomplete projects of JnNURM, to be covered under AMRUT, will be issued separately by MoUD.