



GOVT OF KARNATAKA

DEPARTMENT OF URBAN DEVELOPMENT



URBAN DEVELOPMENT POLICY 2009 DRAFT



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EXECUTIVE SUMMARY

Background

1. During the last few decades, India has undergone a dramatic demographic shift; its predominantly rural population has been rapidly urbanizing, and over 300 million Indians now live in cities. India still has the world's largest rural population, but by 2040 or so, it will be home to the world's largest urban population. Karnataka has followed this national trajectory closely, led in particular by the spectacular growth of its capital city, Bangalore. During 1991-2001, urban Karnataka grew more than 2.5 times as fast as the rural areas. The future of Karnataka will increasingly be determined by the economic and social well-being of its cities.
2. The urbanization of the state has thrown up a number of challenges. The redistribution of political power away from the villages, the migration of large numbers of people to cities (including from other states), the changing nature of the new economy, the threats to the environment and the character of old cities, are all issues that we must grapple with and overcome equitably and sustainably. While some efforts, both at the Centre and the State level, have been made to meet these challenges, through legislation (primarily the 74th Constitutional Amendment and its several Schedules, and more recently the Jawaharlal Nehru National Urban Renewal Mission) as well as administration, there is much more that remains to be done.

Against this background, on 31 December 2008 the Government of Karnataka established a Committee to discuss the various issues relating to urban governance, and prepare an Urban Development policy for the State. In doing so, this Committee was tasked with charting a new course for urban areas in Karnataka, particularly in the context of the

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Constitution's call for decentralised governance by Urban Local Bodies, and the consequent need to ensure that the ULBs have adequate administrative, financial, and technical capacities to manage themselves.

Before setting out to achieve this, it is advisable to take a positive view of urbanisation itself. In the past urbanisation has been viewed primarily as a 'problem'. To overcome this, it is first important to accept that urbanisation is a welcome phenomenon, and that it reflects the aspirations of millions of people in the state. What is needed is not to discourage urbanisation, but to steer it correctly towards ends that are desirable.

THE CHALLENGES

The challenges of urbanisation in the State may be understood through different lenses - the spatial distribution of urban areas and their emerging demographic trends, the infrastructure shortfall on several fronts, the challenge of ensuring the basic welfare of the poor in urban areas, and the need for strengthening their governance, planning and administration.

1. Spatial distribution - During the last two decades, the size and economic role of Bangalore have both become disproportionately high within the state. This has created a self-fulfilling cycle by which even more new investment and migrants are attracted to the Bangalore Metropolitan Region. Even the second largest urban conglomeration (Hubli-Dharwad) is much smaller, its population is only 1/6th of that of Bangalore. Any plan for the future therefore, has to redress this imbalance, but given the importance of Bangalore to the economy of the state, this should be done carefully, without sacrificing the interests of the capital.

2. Welfare of the poor - The migration of large numbers of people to cities has been accompanied by one unfortunate trend - the rate of urban poverty in Karnataka is now higher than that in rural areas. It is also, regrettably, higher than the urban poverty rate of several other states as well as the all-India average. Although only a small portion of the urban population in the state lives in slums, the monthly per-capita expenditure by poor

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families in Karnataka is lower than in many other large states. Therefore, it has become imperative to develop policies and programs by which the welfare of the urban poor is protected better. Of particular concern, in this regard, are the shortfalls in adequate housing for the poor, their sanitary conditions, and their opportunities to education and jobs. This challenge is made harder to overcome by the fact that the problems of the poor are now tackled by a number of different government departments acting independently, rather than a single body with responsibility for their welfare.

3. Infrastructure shortfall - The growth of urban areas has vastly outpaced the State's efforts to develop infrastructure to serve the growing needs of cities. There is now a substantial deficit of infrastructure in several key areas - roads and transport (both within cities and between important cities in the State), housing, drinking water supply, domestic sanitation, sewage treatment systems, solid waste collection and management, storm water drains, lakes in urban areas, and domestic energy. In all these cases, the gap between demand and supply is very large, affecting millions of families, with consequences for the quality of life in urban areas across many measures.

4. Resources – As the demand for infrastructure continues to grow, resources have to be mobilized to make new investments, and to adequately maintain the assets created. It is also important to ensure high standards in quality and design of construction.

5. Governance issues - The far-sighted and enabling provisions of the 74th Constitutional Amendment have not been fully embraced in Karnataka. As a result, Urban Local Bodies suffer from two kinds of shortfalls - one, they do not have the necessary financial strength or autonomy that is necessary to develop their capacity for municipal administration, and must therefore rely on State-level funding for their various programs. Secondly, only a subset of the various responsibilities given to them under the Constitution has been transferred by the State, and citizens' participation in the governance of urban areas remains an unfulfilled promise (unlike rural areas, where panchayati raj institutions have greatly devolved power to local communities).

GOVERNMENT INTERVENTION

Until very recently, the focus of most development funding and initiatives by the Government has been on rural areas, but with the rapid transformation of the urban spaces, there is now a belated effort to plug the development gap that has arisen here. The interventions have taken the form of: (a) higher financial allocations for urban areas; (b) a Constitutional Amendment to devolve 18 administrative functions to urban local governments everywhere, and to establish Metropolitan Planning Committees in cities and District-level planning authorities for other regions; (c) an effort to develop smaller towns as alternatives to the big cities, which has largely failed; and (d) urban employment assistance, especially for the poor.

These schemes have had mixed, or limited results at best. Against this background, the Centre introduced the JnNURM, a mission jointly funded by the Centre and the States to give governance and infrastructure development a renewed thrust. Under this program, the release of funds has been made contingent on devolution of development planning and governance, as well as reforms in urban management. While this has raised the resources available for revitalising urban areas, the mission's focus is on the larger cities. The UIDSMT provides assistance for small and medium towns, but mostly the burden is on the states themselves to address the problems of the large number of small towns and cities.

The programs taken up so far, supported additionally by external aid for some projects, have improved basic infrastructure in cities, but there continues to be a significant lag between demand and supply. The planning-oriented interventions also have been only partially successful, for several reasons - poor quality of land use data, lack of capacity for planning within government departments, and uncoordinated development of areas due to multiple planning agencies. Amidst all this, industrial development in the private sector continues to put stress on the existing infrastructure.

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Having concluded from all of the above that intervention in a piece-meal fashion will not ensure the development of urban Karnataka, the State Government has decided that a policy-driven approach is needed to take a holistic view of urban growth, and suggest appropriate steps for the future. This approach, it is hoped, will be better suited to improve the economic productivity of cities and towns, to ensure that their growth is inclusive of all economic sections, to promote environmentally sustainable choices, and to ensure strong local governments that are attentive to the needs of citizens and adequately empowered to respond to them.

The Committee to debate and deliberate upon the various considerations has put forward seven key components of the policy framework:

1. A Strategy for Urban Development

The development of urban areas has so far been taken up without a clear view of how such development should fit within a larger vision for the state, and without an understanding of the specific strengths that we should develop for various cities and regions in the state. The development of various policies - e.g. an Industrial Development Policy for the State, an Infrastructure Policy, or Sectoral policies for specific industries - in isolation can lead to distortions; each of these must be properly coordinated with other policies that impact it. Along that same principle, it is of the utmost importance that the proposed urban development policy too should align with the overall strategy for the development of the state, to dissipate the current tendency to produce unbalanced development in some areas and sectors alone.

There are a number of key steps to be taken, to ensure this. First, in the case of Bangalore itself, the emphasis on development should shift to the larger metropolitan region (BMR) around the core city. Second, specific corridors of industrial development connecting the key cities in the State may be taken up (Hospet-Bellary-Raichur; Tumkur-Bangalore-Hosur-Mysore-Mandya; Belgaum-Hubli-Dharwad-Davangere-Harihar; and Ratnagiri-

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Goa-Karwar-Mangalore). Second, industrial zones may be established near smaller towns and cities so as to encourage the development of those areas, allowing them to emerge as growth centres. And third, local governments must be empowered and encouraged to develop plans for their own economic development, around key strengths identified by them. A Local Economic Assessment must be carried out, to begin this exercise, and to help these cities become competitive in the global economy.

2. A new approach to Urban Planning

The historical focus on town planning is simply inadequate to ensure the proper development of cities and their neighbouring regions. Therefore it is important to replace this highly local planning method with a broader spatial approach - through Metropolitan Planning Committees in Bangalore, Hubli-Dharwad and Mysore, and through District Planning Committees elsewhere. The Urban Development Authorities may be abolished, and their functions transferred to the MPCs and the DPAs. District-level spatial planning should consolidate the various plans that are made by local planning authorities, and develop a draft plan for the improvement of the district as a whole. In addition, the planning efforts should selectively channelise social and economic activities to second-order cities, and concentrate new investments in clusters that can have a high multiplier effect. Planning should also recognise the need for integrating industrial development with cultural development too, and ensure that social infrastructure (schools, colleges, parks, hospitals, housing, etc) are co-developed along with industries.

Land use is an area of particular concern, where bottlenecks to development persist. It is the responsibility of the government to ensure an adequate supply of land use for productive as well as community purposes, and ensure that all sections of society have access to land and shelter. This can only begin if we first document the actual state of land-use, especially in the cities, as opposed to creating various proposals that take no account of existing land use, whether legal or otherwise. The segregation of land use by purpose has also failed as a policy. A committee to review the various land use

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regulations may be set up, and based on its recommendations, an Urban Land Policy may be formulated.

A speedier process for land acquisition for development projects is also needed, along with rules to ensure that acquired land is immediately put to the purpose for which it is being taken. At the same time, land acquisition should be guided so that it conforms to planning; for instance, land acquisition by the KIADB should also be made only in consultation with the municipal or planning authorities, and not in isolation. It is further imperative that all land records in the state be computerised, and an Urban Bhoomi program launched to clear land records of their various discrepancies and disputes to title. Land-based taxes, including the taxation of vacant land in specific areas, should be introduced.

Reforms are also needed in the legislative arena, to ensure that the objectives of the new policy are met. The Karnataka Land Revenue and Reforms Act may be revised and its rules simplified. The Karnataka Town and Country Planning Act may be replaced by a Karnataka Urban and Regional Planning Act.

3. Reducing and eliminating poverty

Nearly a third of the State's population lives below the poverty line. In urban areas, the growth of employment in the informal sector has not been accompanied by corresponding rise in the availability of housing; as a result large numbers of people now live in slums, without adequate access to education, health or sanitation. The actual extent of this shortfall is also not well known, as the data on poverty levels and extent is very poor, and based on thresholds that do not properly reflect the cost of living in urban areas. The development programs for the poor are also not sufficiently participatory, and this too must be revised.

After due assessment of the extent of urban poverty, programmes focusing on shelter, employment, education, health and community participation must be developed. These

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initiatives must also be managed in an integrated manner, ideally through a single agency (an Urban Poverty Alleviation Cell or Authority) with comprehensive responsibility for all aspects of poverty alleviation, focusing not only on issues listed above, but also on economic aspects such as livelihoods, skills, access to credit, etc. The Karnataka Slum Clearance Board Act also needs to be revised to cede portions of its mandate to the new Cell. Considering the range of issues that need to be managed under the broad umbrella of 'Urban Poor', a policy may be devised separately to address these in an integrated manner.

Since the very origin of slums is due to the lack on availability of suitable low-cost housing for the poor, an extensive program of housing development focused on this section of the population must be developed. Legislation to recognise the tenurial rights of the urban poor in slums must be enacted. Public-private partnerships that allow an effective transition from slum housing to properly developed alternatives should be put in place. These should also be linked, wherever possible, to skills development and employment training so that the urban poor become self-reliant as quickly as possible.

4. Provision of Urban Infrastructure Services

Infrastructure provides the backbone for development, and without adequate strength in this aspect, urban development will continue to be constrained. A powerful strategy to strengthen the backbone of infrastructure for four key urban areas - drinking water supply, sanitation, solid waste management and transport - is needed. Local bodies must be made responsible for responsible for water supply, and KUWS&DB as well as BWSSB should be suitably restructured to work on capacity creation in the cities. A regulatory authority, rather than a Water Supply Council, as proposed by the KUIDFC, is needed to complement this. Apart from providing services to the poor on a subsidized basis, it is important that an appropriate mechanism be developed for recovering the cost of water supply. Unaccounted-for-water must be halved at least, from the present 30-40 per cent to no more than 10-15 per cent.

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Alongside, an equal focus on conservation is needed so that the available water is put to the best use. The potential of surface water in urban areas to provide additional sources to augment piped water should also be studied. Clear measures of the efficiency of water supply, e.g. the number of hours of supply available daily, are also needed.

Sanitation - i.e. the waste management of human excreta, but also the management of larger public health issues linked to this - must be the responsibility of the local bodies. Toilets must be provided to every home in all urban areas, and a target date fixed to achieve this. Since the capital expenditure needed for sewerage systems is high, these must be confined to the larger cities, and in the smaller towns more local solutions for sanitation must be developed, using funds also from the Centrally sponsored scheme for Integrated Low Cost Sanitation. Sewage treatment plants must also be established wherever sewerage systems are in place, reuse of treated water for non-potable purposes must also be taken up widely.

Solid waste management services, provided by ULBs, must be integrated and self-contained, including the development of appropriate means locally to handle waste management activities. Awareness programs to promote good sanitation and waste management practices must also be taken up.

Transportation services within cities should focus on multiple modes, including a separate and clear emphasis on non-motorised transport. City mobility plans should be prepared for all Class I cities. The policies and initiatives for city transport should prioritise public transport so as to achieve a much higher share for this sector than for private transport. The financing and pricing of public transport, as well as the pricing of private transport-linked needs like parking, should also reflect this new priority. Inter-city connectivity along the identified corridors for urban development should also be strengthened, and seamless transfers between different types of public transport solutions should be facilitated everywhere. Airports in Mysore, Hubli-Dharwad and Belgaum should be upgraded to serve as new hubs of connectivity in the state.

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The Bangalore Metropolitan Land Transport Authority, as also the transport planning bodies in the other areas where MPCs are constituted, should be made a statutory body, with the powers to necessary enforce its planning decisions. Also, in transport, as well as in water supply and sewerage, an Urban Services Regulatory Authority may be contemplated, to clarify the policy on cost recovery and subsidy.

5. Environmental sustainability of urban areas

Without enforced standards for the quality of air and water, and also for the consumption of energy, our urban areas will become unsustainable, and this must be addressed urgently to halt and then reverse the decline in environment quality in urban areas. Programs for conservation of water resources, rejuvenation of lost resources, and for management water to increase re-use, is needed. Air quality monitoring should also be made more wide-spread, and linked to the public health focus in cities and towns. Energy conservation must be incentivised through proper pricing of power, and also through programs that recognise efforts to reduce the need for power.

Alongside these, a focus on the built, natural and cultural heritage of the cities and towns should also be developed. This is especially needed to ensure that there is no further erosion or loss of this heritage. An Urban Arts/Heritage Commission should be created for both Bangalore and Mysore, and another for the State as whole. This body should be able to call upon sufficient funds to ensure heritage conservation and protection. Legislative amendments needed to enable the conservation of privately-owned heritage buildings are also needed.

6. Democratic urban governance

Despite the passage of the 74th Constitutional amendment almost two decades ago, most states, including Karnataka, have not fully devolved urban governance functions to their respective local bodies. Also, the full extent of citizen participation in urban governance that is envisioned in the Act has not yet taken place. The clear need on this front is to

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complete this transformation towards full, devolved, participatory governance, in line with the report of the Kasturirangan Committee (Expert Committee on Governance in Bangalore), and subsequent recommendations from other advisory bodies to the State government.

The separation of powers between a deliberative, legislative council and an executive commissioner must be replaced by a system where political accountability and responsibility go together. To achieve this, executive powers must be vested in the elected representatives. A number of steps may be taken in this regard, including the institution of directly elected mayors in cities and towns, who along with a mayoral committee drawn from the councillors, will exercise executive powers. Alternately, the mayor may be drawn from among the councilors themselves, but with more powers than he currently holds, and also a meaningfully longer tenure in office (Mayor-in-Council). Such direct accountability is preferable, as it helps to build city leadership everywhere in the state.

Alongside this, a system of elected ward committees, with members ideally drawn from different neighbourhoods within a ward through elections, should also be introduced in all Class I cities (neighbourhood committees themselves are needed in all municipal areas). The winners in each of the neighbourhood area elections may be the members of the ward committee, with the councillor as the chairman of the said committee. Further, citizen engagement should also be taken up through the establishment of a system of grievance redress, and instituting 'time-bound' delivery of public services, along with monitoring and review. Citizens may also be brought into the budgeting process, so that the plans for various cities and towns reflect the priorities of the locals themselves.

To complete this transformation, the delineation of powers to local bodies should be followed by providing the requisite financial autonomy to them, as also administrative freedom. The extent of these may vary according to the size of the urban area, but over a phased period all functions listed in the 12th schedule should be devolved. The various

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state government-level para-statal currently performing some of these functions should be brought under the authority of the municipal body itself.

The legal framework around municipal governance will also need to be overhauled, with suitable revisions to laws governing planning, development and regulation in addition to the Karnataka Municipalities Act, 1964 and the Karnataka Municipal Corporations Act, 1976. Specific legislation is also needed to address the development of Bangalore, whose problems and needs are of a vastly different scale from those of other cities.

7. Mobilisation of adequate financial resources

The resource gap for the development of urban areas in Karnataka is estimated to be nearly Rs100,000 crores, with Bangalore alone accounting for over 50% per cent of this. However, ULBs are usually unable to raise anything like this figure (ironically, despite this, their expenditure has remained lower than their revenues!). Town municipal councils and town panchayats, in particular, are badly off, depending on grants for very high proportion of their financial needs.

Property tax administration needs to be improved, particularly in terms of coverage and collection. Various exemptions are granted to educational and charitable institutions, as also government properties; these must be reviewed. Property taxes must be delinked from other levies, which should be made on their own merit. The potential of advertisement tax also needs to be better exploited. A rationalization of tariffs for various services provided by ULBs is also needed, based on the principle of full cost recovery, after subsidies have been duly excluded.

A number of alternative sources of funding may also be considered, including (a) treating land as a resource, and pricing its use accordingly, (b) accessing capital markets and multilateral institutions for loans, (c) PPPs to reduce the government burden on expenditure, especially capital expenditure, and (d) out-sourcing of non-governance

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functions. The creation of capital assets should not be treated as a government responsibility alone.

ENSURING CONTINUITY IN URBAN DEVELOPMENT

One of the key shortcomings in past efforts at development has been the lack of continuous attention for the development of urban areas. To avoid this in the future, a State Urbanisation Commission or Council should be set up, with proper membership from experts to periodically review progress based on the State's Urban Development Policy, and to make revisions as and when they are deemed needed by the government. This Commission may take the place of the State Town Planning Board, and hold a more comprehensive mandate suitable to the development of policy as well as oversight of implementation. A Karnataka Urban Renewal Mission is also needed to focus proper attention to those cities that are now outside the ambit of JnNURM.

AGENDA FOR ACTION

1. Set up State Urbanisation Commission/Council (in place of the State Town Planning Board).
2. Constitute Metropolitan Planning Committee for Bangalore, Hubli-Dharwad, Mysore
3. Reconstitute District Planning Committees as per the 74th Constitutional Amendment.
4. Prepare State Spatial Perspective Plan / Regional Development Plans
5. Reorganise ULB structure / Introduce new Mayoral System
6. Constitute Ward Committees in Class I cities (by direct election) and Neighbourhood Committees in all municipal areas.
7. Devolve functions to ULBs as per XII Schedule over a phased period.
8. Abolish Urban Development Authorities – vest planning powers in ULBs.
9. Formulate Urban Land Policy – Set up a Committee to review Land Use Regulations.
10. Establish Karnataka Urban Renewal Mission (KURM) to focus on infrastructure development in small and medium cities.
11. a) Amend Land Acquisition Act, Karnataka Land Revenue Act, and Karnataka Land Reforms Act – simplify procedures for acquisition/purchase of land.
b) Replace Karnataka Town and Country Planning Act by Karnataka Urban and Regional Planning Act
12. Set up Urban Poverty Alleviation Authority/Cell in ULBs – Revise Karnataka Slum Improvement and Clearance Board Act.
13. Restructure para-statal organizations – KUWS&DB, BWSSB, BDA, BMRDA, KSICB
14. Set up Urban Services Regulatory Authority – clarify policy on cost recovery and subsidy (water, sewerage, transport)
15. Prepare City Mobility Plans for Class I cities.
16. Streamline Property Tax administration – review exemptions, cesses.
17. Promote transparency and accountability through citizen participation.

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18. Formulate Municipal Personnel Policy – to guide recruitment, postings, promotions and training.
19. Bangalore – take action on Expert (Kasturirangan) Committee Report on Urban Governance in Bangalore; enact separate legislation for Bangalore
20. Promote research and capacity-building in urban planning and administration.

Background – Need for Urban Development Policy

- 1.1** Today, half the world's population lives in urban areas. By 2050, 70% of the population will be urban. India has been witnessing massive urbanization but it is not rapid compared to many developing countries in Asia, Africa and Latin America. Over the five decades since independence, India's population tripled from 350 million in 1947 to 1027 million in the year in 2001. During the same period, the urban population grew almost twice as fast – from 50 million to 285 million. Nevertheless, urban population as a proportion of the total population is still low in India- just 27.8% (2001).
- 1.2** Cities are considered engines of economic growth. In developing countries such as India, economic growth is inevitably accompanied by a continuous process of urbanization. People move from rural to urban areas and from agricultural to non-agricultural occupations. The process of urbanization should not, however, be viewed purely in demographic terms as a change in rural-urban population ratio; it involves profound social, economic, environmental and cultural transformation. There is also a trend towards redistribution of political power away from villages.
- 1.3** Although only 28% of the people in India live in urban areas, the contribution of the urban sector to the national economy is as high as 62% (of GDP) and this is expected to rise to 75% by 2021. At the same time, much of our urban growth has been chaotic and the mismatch between the demand and supply of infrastructure and services has raised questions about our ability to govern our cities. The issues relating to fostering economic growth and coping with urban growth underscore the need to devote greater attention to the development of our

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- towns and cities from a policy perspective. Politically, higher urban populations signify increase in the number of urban electoral constituencies in democratic India. It is, therefore, important to understand the process of urbanization in different regions and design appropriate policies of urban development.
- 1.4** Karnataka is the eighth largest state in India covering an area of 1,91,791 Sq kms and has a population of about 57 million (current estimate). Demographically, it is about the size of Britain (58.3m), France (58.7 m), Italy (57.2 m) and Thailand (59 m). Geographically, it comprises three regions- the plains, the coastal and the hilly and covers seven agro- climatic zones. The people of the state inhabit 28000 villages and 237 towns and cities.
- 1.5** Karnataka is one of the more industrialized and urbanized states in India. In terms of contribution to the State economy, agriculture has been showing a declining trend. Its share in GSDP halved from 36% in 1993 to 18% in 2005. On the contrary, employment in agriculture decreased from 65% to just 61% during the same period. The pressure thus continues to be high. While the contribution of industry to GDSP has remained somewhat constant around 27% that of the service sector has increased significantly to 54%. The growing disparity between agriculture and other sectors is likely to have a significant impact on the urban economy.
- 1.6** The Government of India provided a constitutional status to the urban local government in 1993 with the objective of improving the quality of life in cities. Several economic and social changes have been taken place during the last 15 years. However, with most of the Urban Local Bodies short of authority and capacity, managing and developing the urban areas poses a major challenge.
- 1.7** Government of Karnataka set up a Committee on 31-12-2008 to study the various issues relating to urban governance and prepare an Urban Development Policy for the state in the context of the 12th Schedule to the 74th Constitution Amendment Act and with a view to meet the challenges created by rapid urbanization in the

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State. What follows is an attempt at formulating an Urban Development Policy for Karnataka State.

Urbanization Trends in Karnataka

- 2.1** The total population of Karnataka in 2001 was 52.7 million of which the urban population was 17.9 million or 34%. Karnataka ranks fourth in the degree of urbanization among the major states in India after Tamil Nadu, Maharashtra and Gujarat as can be seen from Table 1. The decadal growth of urban population in Karnataka over the last 100 years is shown in Table 2. During the last five decades, urbanization in Karnataka registered rapid growth except during 1951-61 when the rate of growth was only 18.26%. The highest growth was recorded during 1941-51 (61.7%) and 1971-81 (50.6%). However, during the following two decades, the eighties and nineties, the rate of growth of urban population declined to 29.09 and 28.85% respectively.
- 2.2** Significantly, the urban population in Karnataka has been growing faster than the rural population. During 1991-2001, the former registered a growth rate of nearly 29% compared to 12% of the latter. Three factors account for the growth of urbanization in the State – natural growth, migration and reclassification of cities.
- 2.3** Towns have been classified into six categories on the basis of their population size. In order to appreciate the direction of the urbanization process, it is necessary to examine the distribution of population between different classes of towns and regions and their growth trends.
- 2.4** There are 237 census towns or urban settlements are spread over 1,91,791 sq. kms in Karnataka. Their classwise and demographic distribution may be seen in Table- 3. The most significant feature to be noted is that as much as 120 lakhs or 66.4% of the urban population of the state is concentrated in 23 class I cities. The largest number of towns (101) is in class III category accounting for 17% of the urban population or 31 lakh people. The highest growth rate has been registered in Class I towns (34%) followed by Class III towns (4.82%) and Class II (2.81%). Other classes have shown negative growth rates.

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- 2.5** The number of towns in the state has not increased significantly. There were 216 towns in 1901, the number went up to 286 in 1951 and declined thereafter to 230 in 1971 and is now 237. Most of the urban growth can be attributed to enlargement of existing towns than to the emergence of new towns.
- 2.6** There are wide variations in the degree of urbanization in different districts of the state as shown in Map 1. Bangalore Urban with 88% of its population living in urban areas is the most urbanized district and accounts for 13% of the urban population of the state. The second most highly urbanized district is Dharwad with an urban population of 55%. All the other districts have less than 40% of the people living in urban centres. Urbanization is lower than 30% in ten districts and less than 20% in nine districts. The least urbanized district is Kodagu (13.8%). Districtwise details are given in Table 4.
- 2.7** An important feature of Karnataka's urbanization is the distribution of urban population along major transport corridors, viz., Bangalore-Belgaum, Mysore-Kolar and Mangalore-Karwar (coastal tract). More than 65% of the state's urban population is concentrated in these three corridors.
- 2.8** It is evident that the urbanization pattern in Karnataka is not uniform throughout the state and there are wide variations in the spread and intensity of urbanization in different regions. A study of the regional pattern of urbanization carried out by ISEC(Sastry 2005) across the four physiographic regions of the state viz., Coastal, Malnad, Southern Maidan and Northern Maidan reveals the following:
- (i) The highest urbanized region is Southern Maidan (81%) and least urbanized is coastal region (7%); medium levels of urbanization in Malnad and Northern Maidan.
 - (ii) By regional concentration of towns, northern maidan has the highest concentration (71 numbers), and the coastal region least number of towns (30),
 - (iii) By functional distribution of towns in the state, about

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- (a) 14 percent specialized in secondary sector, namely manufacturing
- (b) 28 percent in tertiary sector
- (c) 31 percent in primary sector and
- (d) 26 percent in multi functions

2.9 With 67% of the urban population living in 23 cities, the urban settlement structure in Karnataka is top heavy. There is considerable imbalance in the distribution of urban population of the State, Bangalore city alone, accounting for 10.5%. Only in seven districts is the proportion of urban to total population higher than the state average.

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2.10 One of the major factors contributing to the imbalance in Karnataka's urbanization pattern as well as the State's development process is the concentration of economic activities in Bangalore and its emergence as a primate city. No other city in the state has been able to function as a counter magnet to Bangalore which accounts for 80% of the sales tax and 75% of the corporate tax collection in the state.

2.11 Bangalore, which had a population of 5.6 million in 2001 is currently estimated to have 7 million and has been one of the rapidly growing metropolitan cities in India. An analysis of the decadal growth (Table-5) shows that the city recorded its highest growth rate of 91.5% during 1941-51. The decade 1971-81 also registered an impressive growth rate of 76 percent, the highest for any metropolis in India. While there has been a decline in the following decades - 39.8% during 1981-91 and 37.7% during 1991-2001, the growth rate has been relatively high compared to several other cities in the country. The population of Bangalore is estimated to rise to 7.8 million by 2011 and 10.7 million by 2021.

2.12 The salient features of Karnataka's urbanization process are the following:

- 1) The urban population has been growing faster than the rural population but the rate of growth has been declining over the last two decades.
- 2) There are wide regional disparities in the degree of urbanization.
- 3) Migration is towards the higher order urban centres with 66% of the urban population concentrated in 23 Class I cities.
- 4) Bangalore, the only metropolitan city in the State, enjoys demographic and economic dominance.
- 5) Hubli-Dharwad and Mysore are emerging as metropolitan cities.
- 6) By 2025, 50% of Karnataka's population (40 million) is expected to live in urban areas.

Challenges of Urbanization

The key challenges posed by urbanization in Karnataka are summarized below:

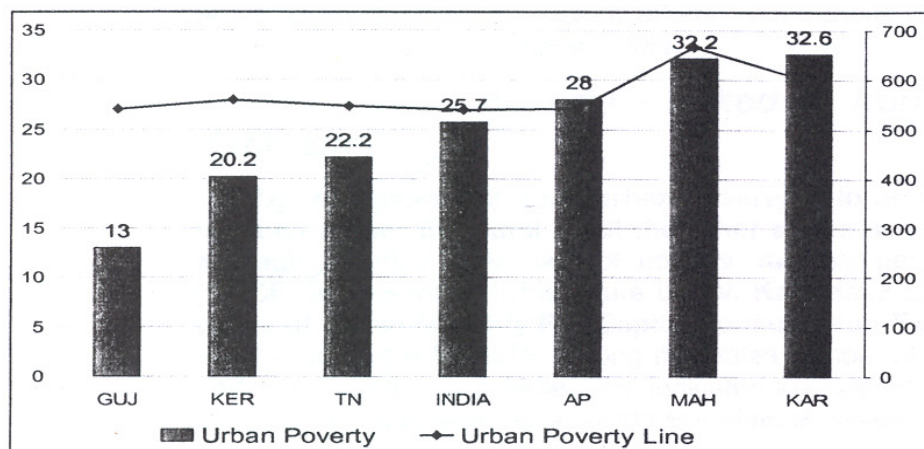
Unbalanced Urbanization

3.1 As in the case of economic and human development, there are serious regional imbalances in urban development in Karnataka, as noted in the previous chapter. Much of the imbalance is caused by the huge gap between the size and economic role of Bangalore and the next largest cities in the State or what may be called the ‘Bangalore-Centric’ development. Hubli-Dharwad, the second largest city in the state has a population of less than a million. The enormous advantages Bangalore enjoys pull migrants and investments to the capital city. This has also exerted pressure on Bangalore’s infrastructure and services. How to accelerate urban development in other regions of the state without sacrificing the interests of Bangalore constitutes a formidable challenge.

Urban Poverty

3.2 In Karnataka, the rate of urban poverty is more than that of rural poverty. The urban poverty ratio of 32.6% in Karnataka is also higher than that of several other states as well as of all-India levels as can be seen in Figure 1.

Figure 1: Urban Poverty Levels across states (2004-05)

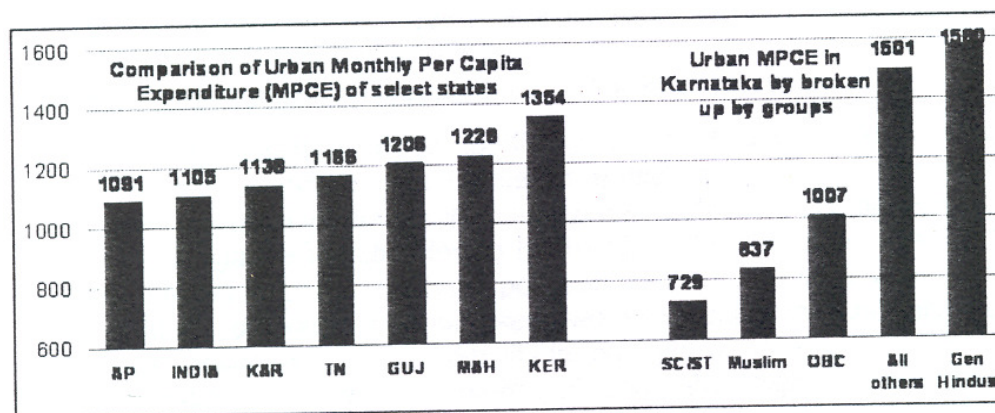


Source: Press Information Bureau, Government of India, March 2007

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It is interesting to note that urban poverty level is higher than the all India average of 25% in highly industrialized states such as Maharashtra (32.2%), Andhra Pradesh (28%) and Karnataka (32.6%), except Gujarat which has the lowest rate of 13%. Karnataka also fares poorly in respect of another dimension of poverty, namely, Monthly Per Capita Expenditure (MPCE) where it ranks tenth among all states (Figure 2). While it is slightly better than the all-India average, it is much lower than Kerala, Maharashtra and Gujarat. The MPCE, is particularly low among SC/STs, Muslims and OBCs. The high level of urban poverty and low level of MPCE in the state are a cause of concern.

Figure 2: Urban Monthly Per capita Expenditure Comparison



Source: Sachar Committee report, Gol, 2006

Urban Land Management

3.3 Supply of serviced land is critical to urban development. The absence of a well developed urban land market in India and the increasing demand for serviced land has resulted in rising land prices, speculation and growth of informal settlements. Government policies relating to supply of land are deemed restrictive and hampering investments and development. Poor land management is a serious problem in all urban areas which is reflected in violation of land use regulations and illegal constructions.

3.4 The land requirement for urban use in Karnataka is estimated to be 5,67,285 hectares by the year 2025. According to this estimate, about 1,40,262 hectares

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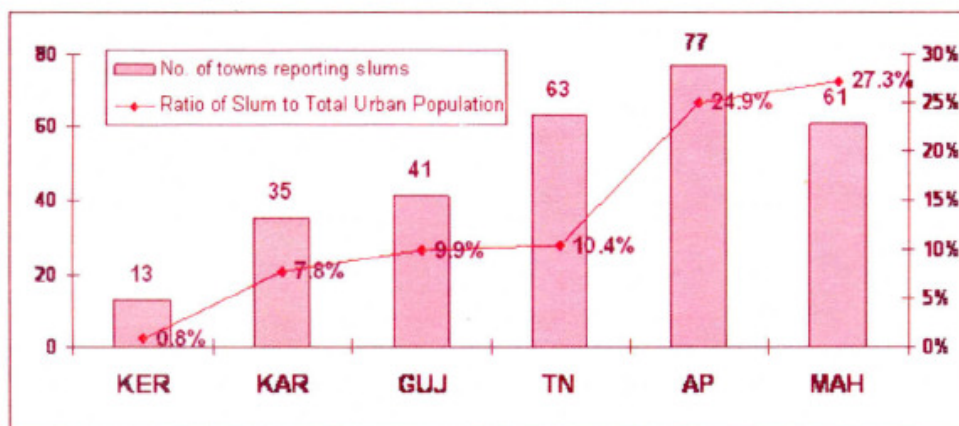
additional land would be required. The district wise urban land requirements are given in Table 6. Requirements vary from a high of 74,952 hectares in Bangalore Urban District to a low of 5,714 hectares in Kodagu district. While meeting land requirements for the purpose of housing (especially for the poor) industry and infrastructure, it is also important to ensure optimum utilization of land.

Housing and Slums

3.5 Housing is recognized as a basic human right. According to Census 2001, there is a housing shortage of 1.76 lakh units in urban Karnataka, of which 1.17 lakh houses which are in rehabilitation condition and 0.59 lakh houses are required to deal with crowding. In terms of overall quality of housing, nearly 78% of houses are permanent, about 18% are semi-permanent structures and only 1,50,170 (4%) are temporary structures.

3.6 In respect of slums, Karnataka fares comparatively better than most of the states except Kerala. It may be seen from Figure 3, that only 7.8% of the urban population of the state lives in slums in 35 towns compared to 10.4% in Tamil Nadu, 24.9% in Andhra Pradesh and 27.3% in Maharashtra. According to NSSO, 58th round (2002) survey of urban slums, the number of slums in Karnataka is estimated to be 1983 with 4,83,828 households.

Figure 3: Comparison of Urban Population in Slums
Comparison of select states - Slums



Source: Census 2001

3.7 Infrastructure Gaps

a) **Water Supply:** As per the Census 2001, 92.2% of urban households in Karnataka have access to safe drinking water compared to 80.9% households in rural Karnataka. However, in 23 out of 29 districts, more than 90% have access to safe drinking water but in four districts, viz., Bidar (nearly 30%), Dakshina Kannada (39%), Uttara Kannada (less 50%) and in Udupi (31.6%), the majority lack access. In a number of towns, water is supplied once in 3-5 days. The per capita supply ranges from 40-100 lpcd.

In terms of sources of drinking water in urban areas, 78.4% of urban households have access through taps, 7.5% through tube wells and the remaining through other sources such as ordinary wells. 75 towns, where water is supplied by KUWS&DB depend on ground water as a primary source. The sustainability of ground water for continued use for drinking purposes is an issue that needs to be addressed. 42 towns in the state are yet to be covered by surface water supply.

b) **Sanitation:** Access to bath rooms and latrines within the house and type of drainage are the two key indicators of sanitation. The proportion of urban households having bath rooms and latrines within the house in the State is 79.1% and 75.2 percent respectively. In other words, nearly 25% households needs to be provided with toilets. However, there is significant regional disparity with a number of northern districts lagging behind. Coverage of toilets is below 50% in the five districts of Gadag (33.5%), Bagalkot (33.7%), Koppal (39.4%), Raichur (43%) and Bijapur (43.2%). The coverage is more than 80% only in 6 districts of the State.

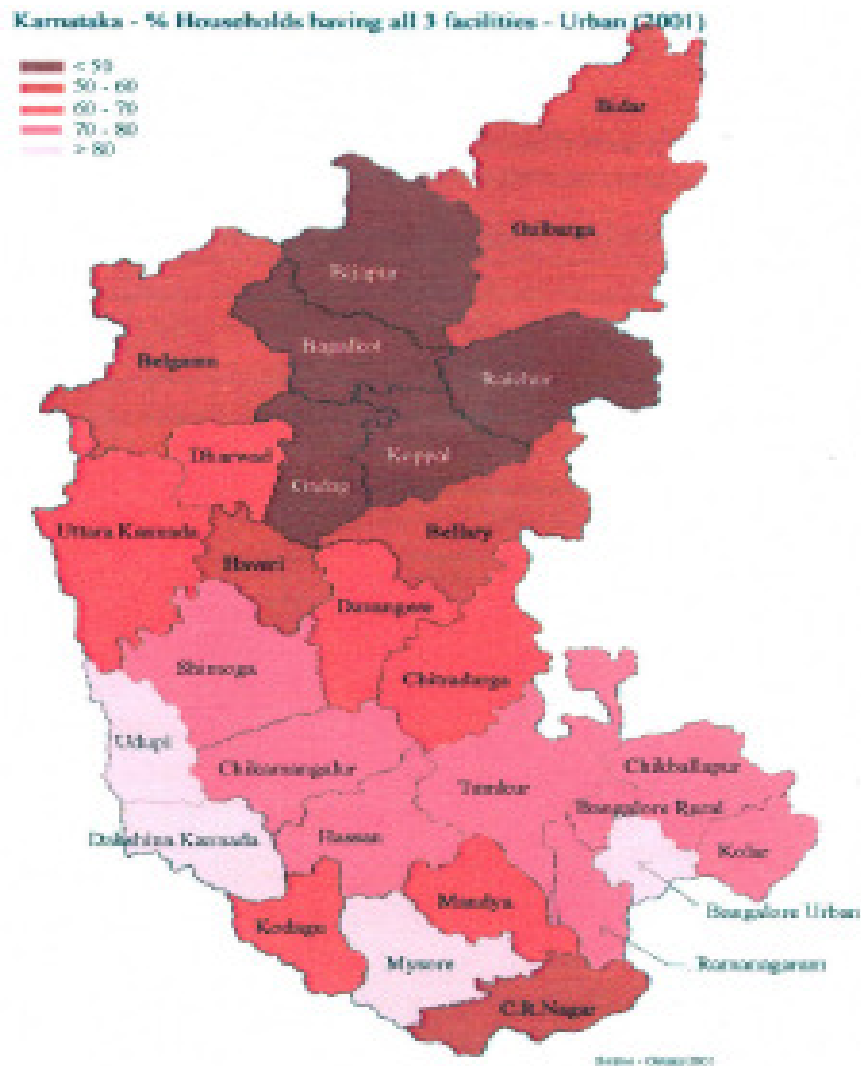
In respect of drainage connectivity for waste water outlet in urban households, it is observed that 19% lack in any kind of drainage facility, 41.6% have closed drainage and 39% have open drainage.

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c) **Domestic Energy:** Domestic energy includes energy for lighting, heating and cooking. Electricity is the primary source of energy for heating and is used by 90.5% of the households which is slightly below the all India figure of 92%. 8.8% of the households still use kerosene. Three districts of Koppal, Raichur and Bagalkot have relatively less access to electricity i.e., less than 80%. For cooking purposes, 44% of the urban households of the state use LPG, 27.6% use fire wood and the remaining nearly 24% use kerosene and other fuels. Gujarat has the highest proportion of LPG users (58.7%) while in Kerala it is as low as (35%). Fire wood is still used by a fairly large number of people.

Nearly 73% of urban households in the state have access to all three basic facilities viz., water, electricity and toilets. This would mean that there are 9,73,184 households without access to all three facilities. What is more distressing is there are 2,44,179 households without access to any of these three facilities (See Map 2).

Map 2: Karnataka- % Households having all 3 facilities – Urban (2001)
(Water, Electricity, Toilets)

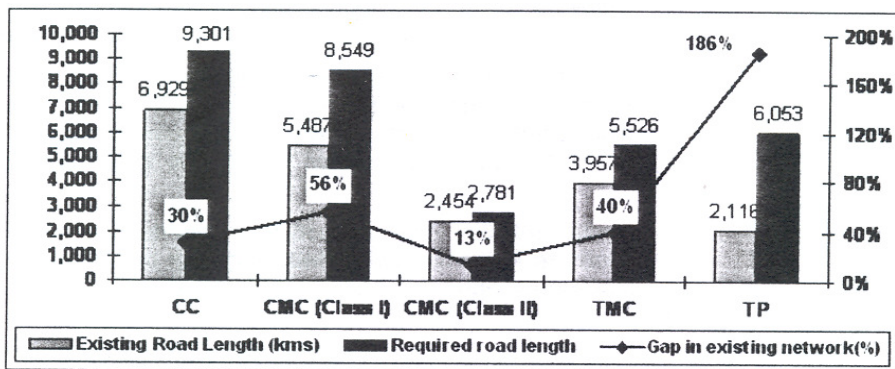


Source: Census 2001

d) **Road Infrastructure:** Roads constitute the arteries of cities and are critical to rapid urban development. Urban Karnataka suffers from serious deficiencies in road infrastructure- inadequate road capacity, poor quality of roads, impediments on roads such as potholes, depressions etc which hinder free movement of vehicles and cause accidents. The existing road length and

the required road length as per the norms recommended by the Adhoc Committee on Transport in 2002 are given in Figure 4.

Figure 4: Requirement of Roads as per Normative Standards



Source: Status of Urban Infrastructure in Karnataka, KUIDFC, 2005

The shortfall in the road network ranges from 13% in class II cities to 56% in Class I cities. The poor condition of roads also contributes to traffic congestion and accidents. An analysis of the type of the roads shows that as much as 36% of the roads in most of the towns and cities of the State are kachcha roads except in City Corporation areas where it is 13%. Tar roads in non Corporation urban areas constitute less than 40%. Another serious drawback in our cities is the poor quality of side walks or foot paths; in most places, they are virtually absent. This indicates the lack of concern for pedestrians.

The maintenance of **storm water drains** leaves much to be desired. Most of the drains are open drains which join naalaas or water bodies. At times, the storm water and sewerage water gets mixed and lead to water contamination. Irregular desilting results in blocking of drains.

Street lights are essential not only to provide lighting at nights but also from the point of view of safety. The maintenance and performance of street lighting in most urban centres is poor. Table 7 shows that about a third of the lights either do not function or malfunction. Even in a city like Bangalore, street lighting needs considerable improvement.

e) Urban Transport: The spatial and economic growth of urban Karnataka in the last three decades has placed a heavy demand on its transport facilities. The State has witnessed a steep increase in the number of motor vehicles in recent years. The number of vehicles increased from 16 lakhs in 1991 to 82 lakhs in 2008-09, a five fold increase in 18 years. It must, however, be pointed out that bulk of them i.e., as many as 30 lakh vehicles have been concentrated in Bangalore (40%). The modal split indicates that 71.6% of the vehicles are two wheelers followed by cars (10.5%), goods vehicles (3.56%) and auto rikshas (3.5%). One of the reasons for increase in number of private vehicles in the State is inadequate public transport services. Urban transport and traffic is one of the most serious challenges faced in all the major cities in Karnataka and India.

Solid Waste Management

3.8 While there is no precise assessment of the waste of municipal solid waste (MSW) generated in most of the towns, it is estimated that Bangalore generates about 3000 metric tons per day and the other urban areas generate 4,300 tons a day. About 23% of the waste generated does not get collected. The more serious problem relates to the lack of treatment and disposal facilities. The unscientific manner of disposal of solid waste, dumping in open sites and low lying areas constitutes a serious public health issue. All the ULBs are spending a considerable part of their budget on solid waste management (including the salaries of concerned staff) and cities are nowhere as clean as they should be.

Environmental Challenges

3.9 The physical expansion and demographic growth of urban areas have exerted an adverse impact on the urban environment. The large scale conversion of agricultural land in the urban periphery for urban uses like industries, housing and infrastructure has resulted not only in loss of greenery but in creation of urban heat islands. A large number of trees and water bodies have given way to concrete structures. The increase in motor vehicular traffic in cities and industrialization have contributed to air pollution which in turn has an adverse

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effect on the health of the people. Cities are huge consumers of energy and resources generating more waste than they can absorb. The increasing consumption of water is leading to depletion of water resources, particularly underground water. The enormous quantities of waste generated in cities proliferation of slums and lack of sanitation are serious environmental hazards.

Urban Governance

3.10 There is a multiplicity of laws and institutions governing the urban areas in the State. There are 219 Urban Local Bodies (ULBs) or Municipalities which have elected representatives. Besides, there a number of parastatal organizations catering to ULBs specialized services like water supply, land development, housing , slum improvement etc While the ULBs are governed by municipal laws, others are governed by separate statutes.

The ULBs in the state suffer from several weaknesses such as shortage of financial resources, lack of adequate professional manpower and lack of autonomy. The 74th Constitution Amendment Act envisages that the Municipalities would be developed into units of self government and the State Legislatures have been empowered to provide the ULBs with necessary authority and resources. The implementation of the provisions of the Amendment Act in Karnataka has been tardy. The State Government continues to exercise considerable control over the ULBs and there is little decentralization in the true sense of the term.

The administrative system in our cities suffers from institutional weaknesses. Conflicts of jurisdiction and authority, inefficient planning systems, lack of transparency and accountability and poor management capacity characterize the urban institutions.

Resources

3.11 Urban infrastructure development is highly capital intensive. According to a study carried out by KUIDFC, the total requirement of the State (excluding

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Bangalore) to provide normative standards of water supply, UGD, SWM and SWD will be Rs.30,760 crores at 2008-09 prices and another Rs.6037 crores for operation and maintenance of the assets to be created over the five year period 2010-15. The requirement of Bangalore over the next five years as per the study carried out by M/s. CRISIL is Rs. 27,825 crores for the above services and an additional Rs. 25,299 crores for transport and traffic. Thus the total requirement of the State of the order of Rs. 90,000 crores, which could with escalation well rise upto Rs 100,000 crores.

The pace of urban infrastructure development in Karnataka depends to a large extent on mobilizing the needed resources and building the institutional capabilities for service delivery.

Government Intervention

Five Year Plans

4.1 As most of India is rural, the planning process had been biased in favour of rural development. Urban development had for long been a low priority area in the policies and plans of both Central and State Governments. Financial allocations for urban development in the Five Year Plans of Karnataka was less than 10% upto Sixth Plan and has ranged from 11.5 to 15.3% between the 7th and 9th Plans. It was only in the 10th Plan that the proportion has gone up 20% (Table 8).

Master Planning

4.2 The Master Plan is a statutory document prepared under the Karnataka Town and Country Planning Act for the Local Planning Area. It is considered an instrument to regulate the planned growth of land use and development. Earlier, the Act required the preparation of an Outline Development Plan (ODP) and then a Comprehensive Development Plan (CDP). The CDP included a Land Use Plan including zoning regulations and proposals for future development. The Act was amended in 2005 to provide for the preparation of a single Master Plan.

In Karnataka, the Master Plans has been prepared for 96 cities and towns. These plans have provided a physical frame of land use for a projected city population over a period of 10-20 years. Some of them have included programmes for urban development, mainly for land development and housing. However, the Master Plan has proved to be an inadequate instrument to fulfill the goals of planning for socio-economic development or regulating spatial development.

74th Constitutional Amendment Act

4.3 The most significant policy change in the urban sector came in the form of the 74th Constitutional Amendment Act 1993 which aims at decentralization of urban governance in the country. Eighteen functions have been identified under the 12th schedule to the Constitution (Table 9) to be performed by the ULBs. It is,

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however, left to the State Legislatures to decide which of the functions should be decentralized and at what point of time. The other salient features of the CA are the following:

- (1) Setting up State Election Commission
- (2) Setting up State Finance Commission
- (3) Setting up District Planning Committee
- (4) Setting up Metropolitan Planning Committee

In Karnataka, the State Election Commission has been set up to conduct elections to the local bodies. State Finance Commissions have been set up once in five years as mandated by the Constitution- the first in 1994 and the second in 2000. The devolution of funds to ULBs has been based mostly on the recommendations of the two SFCs (with some modifications). The 3rd SFC has given its report in 2008 and is yet to be acted upon.

The District Planning Committees have been set up but they are hardly functional. The Metropolitan Planning Committee which is applicable only in case of Bangalore has not been set up so far. Functional autonomy of ULBs is presently limited. Out of 18 functions, only 11 are presently in the domain of the municipalities. The remaining functions are not purely local and have state-wise policy implications. Therefore, it needs to be examined as to in what manner and to what extent these functions can be entrusted to the municipalities.

Integrated Development of Small and Medium Towns (IDSMT)

- 4.4** A centrally sponsored scheme, IDSMT was initiated in the 6th Five Year Plan i.e., 1979-80, and targeted at strengthening small and medium towns (up to a population of five lakhs). The aim was to develop these towns as regional growth centers so that migration to large cities could be reduced. 107 towns in the State were included under this scheme to improve infrastructure facilities and create employment opportunities.

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The IDSMT scheme has failed to achieve its objectives. The implementation of the scheme suffered from several problems. There was delay in the release of funds to ULBs and the funds allotted were not fully utilized. The returns from investments such as sites, shopping complexes etc was poor.

Swarna Jayanti Shahari Rojgar Yojana (SJSRY)

4.5 The aim of this scheme is to provide gainful employment to the urban poor and consists of two components :

- (1) Urban Self Employment Program (USEP),
- (2) Urban Wage Employment Program (UWEP).

The scheme started in 1997 as per the guidelines of Government of India and is funded on a 75:25 basis between the Center and State. The USEP provides for setting up micro enterprises, development of women and children in urban areas (DWACUA), Thrift and Credit Groups (TCG), and training. The UWEP provides employment to BPL families by taking up works which will improve infrastructure facilities like roads, drainage, community toilets etc.

The performance under this scheme has been fairly good in terms of expenditure. Out of Rs.62 crore released between 2005-06 and 2007-08, about Rs.49 crores or 79% has been spent. The performance in terms of actual employment generated and reduction of urban poverty needs to be properly evaluated.

Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

4.6 This project was launched by Government of India in December 2005 to encourage cities to initiate steps to bring about substantial improvement in the existing service levels in a financially sustainable manner. It comprises two submissions on: (i) Urban Infrastructure and Governance and (ii) Basic Services to the Urban Poor.⁶³ cities have been selected under this Mission including Bangalore and Mysore from Karnataka.

4.7 The main thrust of the submission on Urban Infrastructure Governance is on infrastructure projects relating to water supply and sanitation, sewerage, solid

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waste management, road development, urban transport and the development of old city areas. The pre requisites for central assistance under the scheme are the preparation of the City Development Plan (CDP), Detailed Project Report (DPR) and drawing of timelines for implementation of urban sector reforms. The funding pattern consists of central share of 35%, state share 15% and ULB share of 50% for Bangalore, and 80%, 10% and 10% correspondingly for Mysore. Under Basic Services to the Urban Poor, the central share is 50% for Bangalore and 80% for Mysore and the State/ ULB share is 50% and 20% respectively.

4.8 City Development Plans for Bangalore and Mysore have been prepared and approved by Government Of India. The capital investment plan envisaged in the CDP is of the order of Rs.22,536/- crores for Bangalore and Rs.1969 crores for Mysore spread over a period of six years between 2006-07 and 2011-12. The projects approved till the end of 2007 amounted to Rs.2604 crores for both the cities.

4.9 Implementation of urban reforms prescribed by Government of India at the State and ULB level is essential for availing Central assistance under this program. The reforms classified as mandatory and optional are listed in Table 10. Karnataka has implemented reforms pertaining to rent control, repeal of Urban Land Ceiling Act, Municipal Accounting and internal earmarking of the funds to the urban poor and computerization of land and property. Measures have been initiated to make rain water harvesting mandatory to frame by-laws for re-use of recycled water and to encourage public private partnership. The Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) is being implemented in 17 towns and projects worth Rs.345 crores have been approved so far, towards water supply, sewerage, roads and drains.

Externally Aided Projects

4.10 A number of externally aided projects for improving urban infrastructure development are under implementation in the State. These include:

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- ADB assisted Karnataka Urban Infrastructure Development Project (KUIDP) covering the towns of Mysore, Ramanagaram, Channapatna and Tumkur at a project cost of \$107 million.
- ADB assisted Karnataka Urban Development and Coastal Environmental Project (KUDCEMP) covering 10 coastal towns at a project cost of Rs.998 crores.
- World Bank assisted Karnataka Urban Water Sector Improvement Project (KUWASIP) in the three cities of Belgaum, Gulbarga and Hubli-Dharwad at a project cost of Rs.227 crores.
- ADB assisted North Karnataka Urban Sector Investment Program (NKUSIP) in 25 towns of North Karnataka at a project cost of Rs.1236 crores.
- World Bank assisted Karnataka Municipal Reforms Project (KMRP) aimed at institutional development for improving delivery of urban services at a project cost of Rs.1364 crores. (I Phase – 74 towns, II phase – 90 towns).

The first three projects have been completed while the other two are in the initial stages.

Impact of Government Policies and Programs

4.11 The programs taken up for the improvement of our towns and cities and the various sectoral policies pertaining to housing, water, industry etc have impacted urban development in the state in the following manner:

- (1) The investments made so far have provided certain basic infrastructure facilities in relation to water supply, sanitation, sewerage, solid waste management, roads and housing but they have

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not been adequate to meet the growing demands of the urban population.

- (2) The master plans prepared for various towns and cities have guided city development only partially. There is considerable unplanned development in all cities.
 - (3) Development in other sectors have contributed to urban development in a positive and negative manner. Industrial development has contributed substantially to the growth of cities, employment generation and urban prosperity as also to urban chaos and pollution.
- 4.12** The lack of a policy focus to urban development has resulted in distorted development of our towns and cities. Government intervention has come in adhoc and piecemeal fashion in the form of certain legislations, sectoral policies and various projects and schemes as described above. It is essential to take a holistic view of urban growth in Karnataka and formulate a policy for urban development.

Urban Development Policy for Karnataka

5.1 The broad objectives of an Urban Development Policy for Karnataka are:

- To define a vision of urban development in Karnataka
- To provide the framework and strategy for guiding the urban development of the State to realize the stated vision.

Urban Vision

5.2 To create / recreate towns and cities

- that are economically productive
- that are inclusive and are free from poverty
- that are environmentally sustainable
- that are culturally vibrant
- that have dynamic local governments capable of providing good governance and effective service delivery.

5.3 Policy Framework

- Urban Development Strategy
- Urban Planning - New Approach
- Reducing and eliminating urban poverty
- Provision of Urban Infrastructure Services
- Environmental sustainability of cities
- Democratic Urban Governance
- Resource Mobilisation

Urban Development Strategy

Aligning Urban Development with State Development Strategy

5.4 Urban development is not an exclusive sector and can not be viewed in isolation. It is multi- sectoral in character and as such needs a holistic approach. As the National Commission on Urbanisation (NCU 1988) observed, urbanization was

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not an aberration in space but an inevitable concomitant of economic change. It is, therefore, important to align urban development with the strategy for economic and human development of the State. Karnataka's Vision Document- 2020 has spelt out the core elements of Karnataka's Vision thus:

1. Ensure safety and security of all citizens and uphold peace and communal harmony in the State.
2. Eliminate poverty and deprivation at all levels and achieve Millennium Development Goals (MDGs) by 2015.
3. Enhance human capabilities to promote equitable growth covering all sections of people and regions of the State.
4. Make Karnataka a globally competitive destination and a leader among Indian states.
5. Institutionalize good governance across the State through enhanced transparency, accountability and participation.

5.5 To realize the vision, the following, among others, have been identified as key areas of transformation:

- achieving a sustainable and orderly process of industrialization and urbanization
- build and sustain Bangalore's global leadership in science, technology and knowledge based industries
- improve governance through wider participation and deep democratic decentralization

5.6 Industrialization and urbanization are now concentrated in and around Bangalore. An analysis of private investments made in Karnataka upto the end of 2008 shows Bangalore cornering a lion's share – over 50% in respect of projects with investment upto Rs.50 crores and 30% in case of projects worth Rs.50 crores and above. In the sphere of public investments in water sector alone, the four stages

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of Cauvery Water Supply Scheme for Bangalore have absorbed an investment of Rs.1715 crores compared to Rs.1529 crores invested by KUWS&DB for all schemes across the state (Table 11). It would appear that the approach to development has been Bangalore-centric. But then, Bangalore enjoys the advantages of agglomeration, specialization and migration. It is, therefore, necessary to adopt a strategy of developing other urban centres in the state without undermining the importance of the capital city.

- 5.7** Bangalore itself suffers from inadequate infrastructure and environmental degradation. There is thus a need to expand the horizon and plan for the development of the metropolitan region of Bangalore with a view to disperse the economic activities in the region relieving congestion in the city.

Unbalanced Growth, Inclusive Development

- 5.8** Regional disparities have been a prominent feature of Karnataka's economy. Promoting equitable growth covering all sections of people and regions of the State is, therefore, a core element of Karnataka's vision. The high power committee for removal of regional imbalances headed by D.M.Nanjundappa identified 114 out of 175 taluks in the State as backward of which 59 were in North Karnataka and 55 in South; further 26 of the 39 "most backward taluks" were from North Karnataka. The Committee recommended a number of measures towards reducing disparities and the state government has set up a committee to examine and implement the recommendations.

- 5.9** Economic concentration and regional disparities are a global phenomenon. There are geographically disadvantaged people in all large countries such as China, Brazil and India and in all large provinces or states like Andhra Pradesh, Maharashtra and Karnataka. Economic growth has been unbalanced in developing countries and so has been urbanization. This continues to be so in spite of State policies of providing incentives to attract private investments to backward areas. The question then is how to ensure that the fruits of growth

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reach the areas that are less urbanized and not economically prosperous. The World Development Report 2009 has observed that “balanced growth” has proved elusive and has argued that while growth may be unbalanced, development can be inclusive. Instead of dispersing production broadly across the state, it can be concentrated in locations conducive to growth (economic density). At the same time, it is possible to raise the living standards of people residing in backward areas by focusing on human development- education, health, nutrition and sanitation – and improving connectivity or reducing distance. This may push people from rural to urban areas or from less developed to more developed areas. People migrate in order to reduce their distance to economic opportunity. Such a process of economic integration can help achieve the benefits of uneven growth and inclusive development.

Co-ordination of Sectoral Policies

- 5.10** It is important to ensure coordination of sectoral policies which impinge on urban development such as those relating to industrial development, infrastructure and tourism.
- 5.11** The Karnataka New Industrial Policy (2009-14) aims at creating an enabling environment for robust industrial growth. The key strategies advocated are development of industrial corridors, developing infrastructure with private sector participation, encouraging Special Economic Zones, creating industrial townships, developing sectorwise industrial zones to minimize migration of people to urban centres, providing incentives to attract investments to backward regions, simplification of land acquisition procedures and measures to protect environment and encourage energy and water conservation in industry.
- 5.12** The Infrastructure Policy (2007) aims to expand and upgrade the infrastructure facilities in the state to meet the growing requirements of industrial and agricultural sectors and envisages a key role for the private sector in developing infrastructure and offers certain incentives.

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- 5.13** The State's Tourism Policy (2009) aims to give a new thrust to tourism in the State by providing incentives and concessions to build hotels, way side facilities, amusement parks etc. The infrastructure plan to be prepared aims at connectivity and common facilities at all major tourist destinations by providing Heli services and providing air operations.
- 5.14** The various sectoral policies outlined above have some common features viz., development of infrastructure, encouraging private sector participation, incentives and concessions to invest in industry and infrastructure. All these activities are related to the activities of urban development authorities in some way or the other in terms of urban planning, land acquisition, sanctioning of building plans under the Municipal and Town Planning Acts, approvals for water supply, sewerage, electricity and pollution control. The KIADB which acquires land for industrial purpose will have to plan acquisition of land in consultation with Urban Development Department and its agencies such as the ULBs and the Urban Land Development Authorities so as to ensure that industrial development takes place in accordance with the master plan of the cities concerned and the spatial plans of districts and regions.
- 5.15** Establishment of SEZs (with a minimum size of 1000 hectares) will have tremendous impact on the growth and development of cities located in the vicinity of the SEZs. The Master Plan will have to take into consideration the multiplier effect of SEZ and plan to deal with the problems of migration, housing and infrastructure. Tax concessions granted to SEZs are bound to have serious repercussions on the finances of the local bodies. It is, therefore, proposed that the SEZ shall share the revenue with the ULBs under whose jurisdiction they are located. Similarly, industrial townships which manage their own civic affairs would have to compensate ULBs for the external benefits they enjoy.

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- 5.16** The corridor development envisaged in the industrial development policy will have to be linked to the urban development corridors which are emerging as a result of the process of urbanization. Development of industrial zones to minimize migration to urban centres is not a desirable objective. Rather, the aim should be to minimize migration to large cities, especially to Bangalore. Industrial zones should be set up near existing towns which can emerge as growth centers.
- 5.17** A mechanism must be evolved to facilitate coordinated policy decisions where interests of different departments such as industry, agriculture, infrastructure and tourism are involved avoiding conflicts. It is suggested that an **Urban Impact Statement** must be prepared for all projects, public or private, to be implemented in Class I cities or their periphery and it must form part of the project clearance process in any department.

Local Economic Development (LED)

- 5.18** Local governments have an important role to play to improve the attractiveness of an area and generate the potential for economic growth. Cities must position themselves to derive the full benefits of globalization. The purpose of Local Economic Development is to build the economic capacity of a local area- town, city, region- to improve its economic future and the quality of life of its people. It also aims to raise the standard of living of the poor and weaker sections.
- 5.19** LED should form an integral part of the strategic planning process of a city. The LED programmes should be decided by the local government in consultation with the local community- business associations, NGOs etc. Programmes can include skill development, assisting SMEs, investing in infrastructure etc.
- 5.20** It is suggested that Local Economic Assessment be carried out, initially in a few select towns and cities to identify the key factors enabling and constraining

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sustainable economic development. This should be followed up by an action plan to create better conditions for economic growth and employment generation.

Competitive Cities

5.21 Our cities have a key role to play in making Karnataka a globally competitive destination. Globalisation has impacted not only the economy in India but its cities. Bangalore has been influenced by globalization in two ways: it has emerged as one of the top technological hubs in the world; secondly, its spatial structure has been partially shaped in the last two decades by the locational choices of the I.T. Industries. States in India are competing to attract foreign investments, particularly in the I.T. sector, mainly on the strength of their cities- Bangalore, Delhi, Mumbai, Chennai and Hyderabad. We are now in an era of competitive cities and Karnataka must look beyond Bangalore and build a few other cities which over a certain period can become globally attractive.

Urban Planning- A New Approach

Integrating spatial planning with economic development planning

6.1 Urban planning in the State, as in the rest of the country, has been mostly identified with town planning or land use, planning. It is necessary to broaden the vision of the urban planning process and integrate spatial planning with economic development planning. The 74th CAA has provided a new framework to the planning process and mandates:

- a) Constitution of a District Planning Committee at the district level charged with the responsibility of preparing a draft District Development Plan.
- b) Constitution of a Metropolitan Planning Committee in every metropolitan area which would be responsible to prepare a draft development plan for the metropolitan area.
- c) Municipalities to be responsible for urban planning including town planning and for preparation of plans for economic development and social justice.

The Constitution does not provide for planning at the state level which is guided by the Five Year Plan. From the perspective of urban development, however, it is essential to formulate a spatial plan at the state level.

State Level Spatial Planning

6.2 The approach to urban development in the Five Year Plans has been ad hoc and piecemeal. As pointed out by the National Commission on Urbanisation, there has been a lack of spatial concern in the planning process, and no efforts have been made to link the process of urbanization with the general pattern of economic development. Spatial planning deals with a hierarchical system of settlements and plays a vital role in investment decisions depending on the growth

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potential of different settlements. Planned economic development should take into account the locational aspects of development.

The objective of spatial planning is to generate a process of spatial development which optimizes utilization of resources, reduces regional, spatial and economic imbalances, strengthens rural and urban relationships, protects the environment and maintains an ecological balance (NCU). A State-level Perspective Spatial Plan must be prepared highlighting policies relating to the development of the thrust areas of the State like development of natural resources, regional development, settlement pattern, population distribution policy, transportation networks, water and power supply systems, areas of tourist interest and environmental issues.

The spatial planning strategy should include:

- a) selective channelisation of socio-economic activities to second-order cities.
- b) selective concentration of infrastructure in central villages and small and medium towns depending on their potential with the objective of equipping them to play a role in absorbing new migrants, maintain a desirable rural-urban continuum and reduce the cost of urbanization.
- c) planned development of specialized regions and corridors.

Regional Development

6.3 The Industrial Policy of the state aims at industrialization in backward regions and also development of industrial corridors and identifying potential locations to set up industries. In this context, it is essential to identify a spatial configuration of the existing and future urbanization in or near cities and along emerging urban corridors. The study undertaken by Centre for Policy Research, New Delhi (2001) has identified the following urban corridors:

Urban Corridors

	Corridors	1991		2021*	
		Urban Population	% age of total urban population	Urban population	% age to total urban population
1	Bangalore-Belgaum	66,88,598	48.08	1,56,55,905	57.58
2	Mysore-Bangalore-Kolar (excluding Bangalore)	15,16,417	10.90	34,01,154	12.51
3	Coastal Corridor (Mangalore-Udupi-Karwar)	8,15,740	5.86	16,09,415	5.92
	Total	90,20,755	64.85	2,06,66,474	76.01

Source: Census of India, 1991

It may be observed that the Bangalore- Belgaum Corridor will house 58% of the urban population in Karnataka with about 60 million population. The Mysore-Bangalore-Kolar Corridor (excluding Bangalore) will accommodate 34 lakhs (12.5%) and Mangalore-Udupi-Karwar coastal corridor will house 16 lakhs (6%) of the total urban population. Thus, 76% of the urban population will be found in 14 out of 28 districts in the State by 2021.

In addition to above three urban corridors, two urbanizing regions are likely to emerge viz., Hospet-Bellary-Raichur and Bijapur-Gulbarga-Bidar.

The National Commission on Urbanisation recommended the development of Spatial Priority Urbanization Regions (SPURs) in the following regions in Karnataka:

- (1) Hospet-Bellary-Raichur
- (2) Tumkur-Bangalore-Hosur-Mysore-Mandya
- (3) Belgaum-Hubli-Dharwad-Davanagere-Harihar
- (4) Ratnagiri-Goa-Karwar-Mangalore

Managing corridors and regions in terms of urbanization and industrial development will be a major challenge. They will include both urban and rural areas and give rise to polynodal urban centres. Planning for regional development therefore becomes crucial.

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Hubli-Dharwad, Mysore, Mangalore and Gulbarga representing different regions may be developed as Priority Cities.

Planning for the District

6.4 District Planning Committees have been set up in all the districts in the state. However, they are not effective and none of them has been able to prepare a development plan for the district in a manner envisaged in the Constitution. According to Article 243 ZB of the Constitution, the DPC has to perform the following functions:

- i) Consolidation of the plans prepared by the panchayats and municipalities in the District
- ii) Preparation of a draft development plan for the district as a whole and
- iii) Forwarding the plan (by the Chairperson) to the State Government.

While the above functions are mandatory, the Constitution does not bestow any powers relating to implementation or monitoring of the development plans on the DPC. It is also silent on the role of the Government. It is suggested that a time limit of three months may be fixed for the State Government to approve the District Level Plan failing which approval should be presumed. Further, the DPC may also be entrusted with the function of monitoring the implementation of the plan.

For the purpose of planning, District is like a Region. Rural- urban integration is a complex function and a number of problems are bound to arise between the fast urbanizing and intervening rural areas such as sharing of water and other natural resources, location of industries, environmental conservation etc. The role of a rural-urban platform such as the DPC, therefore, becomes very vital in district planning. The DPC must be provided necessary professional support for preparation of the plan as well as monitoring its implementation.

Planning for metropolitan areas

6.5 Although Bangalore is the only metropolitan city in Karnataka at present, Hubli-Dharwad and Mysore are fast emerging as metros and as such, it is necessary to plan for orderly development of these three metropolitan areas in the State.

The Bangalore metropolitan area covers an extent of about 1307 sq. kms of which about 420 sq kms is earmarked as agricultural land or green belt. The Bangalore City Corporation or BBMP which has been extended recently from an area of 223 sq. kms to 709 sq. kms comes within the metropolitan planning area. The Bangalore Development Authority is the Planning Authority for the metropolitan area and is also responsible for land development and housing. With increasing urbanization in its hinterland, Bangalore is facing enormous challenges in providing infrastructure and services to meet the needs of the growing population. The BMRDA was set up in 1985 to address the problems of the region and prepare a Structure Plan. But this Authority has not been able to function in the manner envisaged by the law makers.

The Expert Committee on the Governance of Bangalore has suggested setting up a Metropolitan Planning Committee for the Bangalore Metropolitan Region (8,000 sq. kms) covering Bangalore Urban, Bangalore Rural and Ramanagaram districts. The composition, powers and functions of the MPC as recommended by Expert Committee may be adopted.

In order to deal effectively with the planning and development issues of Hubli-Dharwad and Mysore, Metropolitan Planning Committees must be set up for these two cities now itself without waiting for the next Census in 2011 when their population will go beyond one million. The physical jurisdiction of these two metropolitan areas must be carefully demarcated taking into consideration the peripheral outgrowths and potential for urban expansion.

Planning at the city level

6.6 Under the Constitution, urban planning and town planning as also social and economic development and protection of the environment are functions to be performed by the urban local bodies. However, in Karnataka, these responsibilities have not yet been assigned to the municipalities. Once the scope of the municipal functions is expanded, municipal management will acquire a new dimension. To the traditional municipal functions of water supply, sanitation, solid waste management and regulatory functions such as licencing, construction of buildings, regulation of food establishments etc, will be added planning and development functions.

At present, Master Plans under the KTCP Act are prepared by the Local Planning Authorities or UDAs. Under the JNNURM, the Municipalities are expected to prepare a City Development Plan. The present practice of having a master plan, a city development plan and a comprehensive development plan should be given up. Only one plan should be prepared at the city level which includes the spatial plan, development plan and development control measures and such plan should be prepared by the Municipality. The capacity of ULBs should be enhanced to take on planning responsibilities.

The time frame for different plans will be as follows:

- (a) A 15 – 20 year Spatial Perspective Plan for the State.
- (b) A five year development plan for the district/ metropolitan area.
- (c) A five year plan for each municipality with city / town.
- (d) Annual plan for the district and the local body with budgetary allocations.

Land Use Planning

6.7 Land Use Plan is part of the Master Plan of a city and includes zoning and sub-division regulations, and building bye laws.

The policy of segregation of land uses has not succeeded and deviations from the prescribed land use pattern are common. It is therefore necessary to adopt a flexible policy of compatible uses which will establish a proper relationship between residence, work place and transportation. Land use forms the basis of

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city structure and influence the pattern of city development. As such, each city must carefully integrate its land use plan with its transportation and development plan.

Government should undertake a comprehensive review of the existing planning standards such as densities, FAR, setbacks etc., with a view to secure optimum utilization of urban space and ensure that the built form is culturally and aesthetically adopted to the environment. Urban design and urban aesthetics should form part of the urban planning process.

Development Management

6.8 Master Planning has failed to achieve its objective of ensuring planned and orderly development of cities. The instrument of zoning and sub-division regulations and Building Byelaws, collectively called ‘Development Control’ measures have promoted an attitude of ‘control’ rather than ‘development’. Control has bred corruption resulting in rampant violation of laws. The scale of violations in Karnataka prompted the government to bring in a law, the Karnataka Regularisation of Unauthorized Constructions Act into regularize the illegal constructions in cities. Such a legislation can act as an incentive to further violations but it also points to the need for fresh thinking on the way we have been planning and managing our cities and enforcing our laws.

Urban planning must shift its emphasis from land use planning to guiding the complex process of socio-economic change. The term ‘development control’ must be replaced by ‘development management’ to trigger a change in the mindset of our law makers and law enforcers. The objective should be to facilitate a pattern of development that serves the needs of the people including the employment and housing needs of the poor, ensure smooth conduct of the city’s activities and is conducive to the creation of a safe and aesthetic environment. In view of the constraints of space, an urban structure must be evolved which will enable development of ‘compact cities’ instead of vast ‘urban sprawls’. The relationship

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between transportation and city structure is vital and the aim should be to reduce enforced movement, particularly motorized transport to the minimum.

The creation of a good city must begin with the neighbourhood unit which has been ignored while preparing our city plans. Planning is as much a bottom up as a top down process and must recognize the requirements of the neighbourhood and gradually embrace the larger units like the ward, the zone and the city as a whole. The evolving city structure should enable the citizens to derive the benefits of the quality of life obtainable in a smaller centre as well as the economies of scale flowing from a larger entity.

Urban Land and Housing Policy

6.9 Urban land is a limited resource with competing demands. As such, Government must intervene in the urban land market through a well formulated policy. The objectives of such a policy are to achieve:

- i) an appropriate supply of urban land for productive as well as community purposes
- ii) greater equity including access by low income families to adequate shelter
- iii) spatial distribution of population and activities consistent with State priorities and
- iv) optimum utilization of land.

The strategies to achieve these objectives are:

- i) Land Use Planning.
- ii) Land acquisition for public purpose.
- iii) Land Registration System that guarantees title to property.
- iv) Housing policy with focus on the weaker sections and low income groups.
- v) Fiscal measures.

Land Acquisition

6.10 Land can be acquired under the Land Acquisition Act 1894 for any public purpose including housing and infrastructure development. The process of acquisition is lengthy and cumbersome resulting in enormous delay and cost escalation. The law which is more than a century old needs to be revised to meet the requirements of rapid development. As this is a central legislation, the Central government must be moved in this regard. Some of the important changes that can be made are as follows:

- a. Under the present Act, a person not satisfied with the award of compensation by the Land Acquisition Officer may refer the matter to the court. Instead of making the reference to the court, a Tribunal may be set up to deal with matters relating to revision of compensation
- b. It is necessary to make provision for alternate means of acquisition/ compensation such as Land Pooling, Transfer of Development Rights and other land sharing arrangements with farmers and land owners.
- c. The KIADB is empowered to acquire land for industrial purpose under the KIADB Act. The process of acquisition under this law through negotiation has been faster. A provision may be included in the KIADB Act making it mandatory for the KIADB to obtain clearance of the municipal or planning authorities, when land is acquired in the urban areas or within a radius of 5 kms. In respect of Bangalore, BDA should be made the sole land acquisition authority for any project and KIADB should cease to operate within the BMR. It should also submit an Urban Impact Statement while developing any industrial estates

Land Title Registration

6.11 When an immovable property is transferred by way of sale, mortgage etc what is registered is the deed and not the title. Absence of clear title to property is one of the reasons for dubious transactions and enormous amount of litigation in our country. It is also a hurdle to obtaining easy credit for housing or other purposes. It is, therefore, essential to introduce a system of state guarantee to title of land or property or a Property Title Certification system which is also one of the reform measures under JNNURM. All land records in ULBs must be computerized. An Urban Bhoomi Program must be initiated. A Directorate of Urban Land Records must be created to deal with all matters relating to city survey, maintenance of land records and certification of land title.

Fiscal Measures: Land is a resource and land-based taxes are an important source of revenue. They can also be used as an instrument to regulate land use. Apart from property tax which is also land based, levy of the following taxes can be considered.

Vacant Land Tax: Developed urban land is scarce and keeping such land vacant for long must be subject to heavy taxation. Such tax can also be used to curb speculation. Presently, vacant sites are taxed nominally as part of property tax.

Betterment Fee: It is levied under KTCP Act whenever there is change of land use, or development taxes place on the land which can yield a better income to the owner.

Impact Fee: It is levied to finance additional city level services.

Valorisation charges: They are levied to recover specific project costs.

Housing Policy: The Government of India (Ministry of Housing and Poverty Alleviation) came out with a National Urban Housing and Habitat Policy in 2007.

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According to the policy document, 99 percent of the housing shortage of 24.7 million at the end of X Five Year Plan in India pertained to EWS and LIG groups.

6.12 The national policy goal is “Affordable Housing for All” The main features of the policy are:

- a) Increasing supply of land for EWS/ LIG categories- earmark 10-15% of land in every public / private housing project.
- b) Optimum utilization of land by providing spatial incentives like relaxation of FAR (20-25%) for weaker sections, issuance of TDR for clearance of transport corridors and availability of FAR in outer zones.
- c) Using technology for modernizing the housing sector; put in place concept of ‘green’ and ‘intelligent’ building.
- d) Removing legal, financial and administrative barriers to facilitate access to tenure, land finance and technology.
- e) Promote public-private partnership in housing projects.
- f) Use regional planning approach and develop green field townships.

Karnataka should prepare a State Urban Housing Policy and an Action Plan for which Central Government assistance will be available.

Urban Poverty Alleviation

7.1 Nearly a third of the urban population of Karnataka living in poverty is unacceptable and reflects the glaring contradictions in our society. It is obvious that the response to the problem of urban poverty so far has been indifferent and half-hearted. The government needs to adopt a proactive and imaginative policy in understanding and addressing the problems of the urban poor.

7.2 Who are the urban poor? The Government of Karnataka has adopted the norm of income limit to define the poor / EWS which is Rs. 11,800 per annum. However, urban poverty manifests itself in various forms such as:

- Proliferation of slums
- Fast growth of an informal sector
- Increasing casualisation and underdevelopment of labour and crushing pressure on civic services
- High rate of educational deprivation and health contingencies retarding growth of physical and mental capacities, growing sense of hopelessness, rising crime rates and group violence.

7.3 The poor data on the subject makes the task of finding solutions more complicated. It is therefore essential to begin with an assessment of poverty in the urban areas of the State. We may adopt the method of Participatory Poverty Assessment (PPA) which seeks to strengthen poverty assessment processes through:

- i) stakeholder involvement and thereby increase in achieving legitimacy for anti- poverty strategies

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- ii) enriching the analysis and understanding of poverty by including the perspective of the poor
- iii) providing a diverse range of valuable information on a cost effective, rapid and timely basis

7.4 After an assessment of the poverty situation in the State, an Action Plan for Poverty Reduction must be prepared, focusing on the following areas.

- 1) Shelter related programmes
- 2) Employment generation
- 3) Education and Health
- 4) Community participation

Insecurity of tenure, low level of water availability, poor sanitation and lack of housing space are the main shelter related issues. The shelter programme should therefore be designed in such a way that it ensures the poor access to these basic requirements.

7.5 The fundamental problem of the poor is their inability to procure land and shelter through market transaction. Under JNNURM, one of the optional reforms is earmarking at least 20-25% of developed land in all housing projects (public and private agencies) for EWS / LIG category with a system of cross-subsidization. In Karnataka, the Urban Development Authorities have a policy of earmarking 30% of the sites in any layout for the urban poor. Keeping in view the high urban land prices as well as the difficulty of procuring land, the government must discontinue the practice of allotting the individual sites and go in for Group Housing programmes. In the case of slums, the policy should be in-situ development to the extent possible, and in respect of slums in locations which are untenable (for example, along storm water drains) re-location can be resorted to.

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- 7.6** Public-Private-Partnership programmes have been under consideration for the past few years, but has not taken concrete shape. So far as providing shelter to the urban poor is concerned, efforts of some NGOs such as AVAS in Bangalore have yielded very good results. Government should actively encourage NGOs and CBOs in providing shelter to the poor through stakeholders' participation. A World Bank study on housing policies in developing countries has found that community organizations do a better job of targeting funding to the needy households than the government.
- 7.7** Programmes launched by the Government such as SEPUP (Self Employment Programme for the Urban Poor) and SJSRY have yielded mixed results. The reach of the programmes is limited and there is lack of convergence of the programmes implemented by several departments. The focus should be on training and skill development which will enable the poor to not only find employment but increase their productivity and earnings.
- 7.8** Education and health facilities especially for females should be an important part of any poverty alleviation programme. Social security cover needs to be provided for those who are unable to participate in the employment programmes.
- 7.9** Apart from the municipalities, a number of other government departments and agencies are involved in poverty alleviation programme. It is therefore essential to put in place an institutional arrangement to ensure: (a) convergence of programmes , and (b)coordination of activities.
- 7.10** In the larger cities, the Municipal Corporation should act as the nodal agency for all urban poverty alleviation programmes. A special cell must be created in each Corporation headed by a full time officer who would be responsible for implementation of all programmes relating to the urban poor. In other Municipalities, a similar cell must be set up under the chairmanship of the CEO,

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Zilla Panchayath who is also responsible for the implementation of the District Development Plan.

- 7.11** It is also necessary to effect legislative changes which will recognize tenurial rights for shelter and workspace to facilitate non formal or informal sector activities in urban areas. Procedures for granting titles for lands and approvals for construction need to be simplified.

Urban Infrastructure Services

8.1 Provision of infrastructure services is fundamental to economic growth and urban development. Urban infrastructure covers the following:

- a) Water supply for drinking, industrial, commercial and public uses
- b) Sewerage and drainage
- c) Solid Waste Management
- d) Road Infrastructure
- e) Urban Transport
- f) Power / Energy

Water Supply

8.2 The Government of Karnataka came out with an Urban Drinking Water and Sanitation Policy (UDWSP) in 2002. The main objectives of the policy are to ensure demand based universal coverage of water supply, commercial and economical sustainability of the operations and a minimum level of service to all citizens. The basic features of the policy are :

1. ULBs will be responsible for water supply and sewerage services from water catchment to waste water treatment. However, ULBs will have the choice of providing the service directly through public bodies or private sector participation arrangements.
2. The KUWS&DB and BWSSB will be responsible for capacity creation and augmentation in all ULBs and for O&M in selected ULBs. The role of these two Boards will be suitably re-structured.
3. An appropriate mechanism will be established to recover the full cost of providing service from the users of water. However, subsidies will continue

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for the extremely poor. Tariff will be structured such as to disincentivize the excessive consumption and wastage of water.

4. Capital investments will be based on principle of optimal utilization of water and financial resources and the returns on investment encourage private sector participation in gradual manner.

The government will have the responsibility of regulation, monitoring and evaluation of the efficiency of the operations.

8.3 The above policy statement, is yet to be followed up by implementation. A number of water supply projects have been taken up to augment water supply but deficiencies continue in the form of inability to provide water as per the prescribed norms, inefficiency in distribution systems, serious water losses, commercially non-viable water supply systems and lack of coordination between different agencies. The average number of hours of water supply per day has actually declined- from 9 hours in 2003 to 7 hours in 2006 in Municipal Corporations, (excluding Bangalore) and from 10 to 7 hours in Town Panchayats.

8.4 Water is a critical resource and will simply be the most limiting factor, if not made available in right quantity, to urban development. Considering the existing shortage of water supply to the urban areas in the state and the enormous cost and problems associated with the augmentation of water supply, the following issues become relevant:

- Conservation of the water resources of the State
- Adoption of alternative methods of augmenting supply
- Reducing water losses / UFW
- Pricing of water
- Scope for private sector participation
- Institutional framework

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- 8.5** Conservation of water resources is an area that needs to be co-ordinated with the Water Resources Departments and Zilla Panchayaths who have a major role to play in protection and rejuvenation of tanks and other surface water sources. ULBs must take up alternative methods of augmenting water supply such as rain water harvesting and recharging ground water. A time bound programme must be chalked out to reduce water loss or UFW which is of the order of 30-40%, the ultimate aim should be to reduce UFW to 10-15%.
- 8.6** The KUIDFC has come out with a proposal to set up a State Urban Water Supply Council (SUWSC), which would oversee the water supply and sewerage operations of the ULBs, provide technical assistance to ULBs and act as an advisor to the government. It is also envisaged that the Council will play a co-ordinating role between ULBs and the Water Boards and also perform regulatory functions. It would not be proper for the same body to combine the functions of oversight, monitoring and coordination as well as regulation. It would be more appropriate to set up a regulatory authority rather than a council. The KUWS&DB should be equipped with sufficient technical capacity to guide the ULBs.
- 8.7** The question of private sector participation must be approached with caution. There are apprehensions in the minds of the people about the role of the private sector in the management of public water supply systems. The World Bank aided project under implementation in the cities of Belgaum, Gulbarga and Hubli-Dharwad, experimenting with private sector participation on a pilot basis should be carefully studied and further steps taken in involving the private sector. People must be made aware of the distinction between privatization and private sector participation where the ULB will continue as the owner of the project and carries the responsibility to provide water supply.
- 8.8** The overall objective must be to improve the efficiency of the supply and distribution systems, reduce water losses and aim for 24/7 supply in the long run.

Sanitation

8.9 Traditionally, sanitation refers to the waste management of human excreta but in a broader sense, it is associated with public health and environmental impacts. It, therefore, includes waste management –solid waste, industrial and hazardous waste, drainage and the management of drinking water supply. The Ministry of Urban Development, GOI brought out a National Sanitation Policy in 2008. The vision for urban sanitation in India is set forth thus:

“All Indian cities and towns become totally sanitized, healthy and livable and ensure and sustain good public health and environmental outcomes for all their citizens with a special focus on hygienic and affordable sanitation facilities for the urban poor and women”.

8.10 In order to achieve the above vision, the following key policy issues need to be addressed:

- (1) Public awareness
- (2) Social and environmental aspects of sanitation
- (3) Fragmented institutional roles and responsibilities.
- (4) Lack of integrated city wide approach
- (5) Limited technology choices
- (6) Reaching un-served and poor
- (7) Lack of demand responsiveness

8.11 In Karnataka, policy needs to focus on the following:

- (1) provision of toilets to all of the house holds in urban areas without toilet facility. Special attention must be paid to districts with very poor coverage such as Gadag, Bagalkote, Koppal, Raichur and Bijapur. A target date must be fixed for 100% coverage.

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- (2) extension of sewerage facilities - Building of sewerage systems is capital intensive. As such, it may be confined to the large cities and low cost sanitation facilities may be provided in the smaller towns. The Centrally sponsored scheme of Integrated Low Cost Sanitation which provides subsidy from Central Government to the extent of 75% should be fully availed.
- (3) sewage Treatment Plants must be established wherever sewerage facilities are being provided. At present, sewage treatment plants have been set up in 46 cities in the state, but only 29 are functioning.
- (4) recycling and re use of treated waste water for non potable purposes.

A State Sanitation Strategy may be prepared covering all aspects pertaining to sanitation and a City Sanitation Plan may be prepared for every city and town. The municipality should be responsible to monitor the implementation of the plan.

Solid Waste Management

- 8.12** Solid Waste Management is one of the most basic functions of every municipal body. The unclean state of our cities is a sad reflection of the inability of ULBs to provide basic services. A number of Committees have been set up to address this issue and the matter even went up to Supreme Court which gave directions to GOI to take steps to implement the recommendations of these committees. GOI issued Municipal Solid Waste Management Rules 2000 laying down new procedures for collection, segregation, storage, transportation, processing and disposal of waste. The standards prescribed in the Rules have not so far been fulfilled by any city.
- 8.13** Karnataka has formulated a policy on Integrated Solid Waste Management in 2000. The objectives of the policy are the following:

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- (a) providing directions for carrying out waste management activities in a manner which is not just environmentally, socially and financially sustainable but is also economically viable;
- (b) establishing an integrated and self contained operating system for Municipal Solid Waste Management (MSWM) which would include the development of appropriate means and technologies to handle various waste management activities.
- (c) enhancing the ability of the ULBs to provide waste management services to their citizens.

The principles to guide the future approach of MSWM procedures relating to collection, transportation and treatment of waste have been spelt out. It is necessary to lay down timelines to implement the plan. Emphasis shall be placed on promoting awareness about the importance of waste management from the point of view of health and environment.

Urban Transport

8.14 Transport policy is central to sustainable development as it has an impact on the structure of human settlements. Traffic demand will only increase in future because of the population and economic growth. Urban transport should be examined in the inter city and intra-city contexts.

8.15 The large size of Karnataka state and the location of the capital in the southern part of the state underscores the importance of rapid connectivity between urban centers. The economic development of the state is intimately related to upgrading the transport facilities across the state. The transport strategy must include

- (a) promoting multimodal transport facilities between cities – by road , rail and air.
- (b) upgrading transport infrastructure

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- 8.16** In respect of inter-city transport, it is essential to adopt a co-ordinated approach as a number of agencies are involved viz., the National Highways, State Public Works Department, State Road Development Corporation, Railways and Civil Aviation authorities. The basic objective must be to reduce travel time between cities. This can be achieved by providing excellent quality of roads, high speed trains, and linking the state capital to all major cities and district head quarters of the state by air. While Bangalore has an international airport, the airport infrastructure in Mysore, Hubli-Dharwad, and Belgaum should be upgraded to national standards. The expansion of Mangalore airport needs to be speeded up.
- 8.17** Transportation services in a region often account for decisions relating to location of industries, townships and other commercial projects. Transportation planning can therefore be used as an instrument to regulate migration to large cities. It is suggested that potential commuter sheds (in a radius of 50-60 kms) be established which can optimize travel and help in regional development. The regional transportation corridors already noted (Bangalore to Belgaum etc) must be supplemented by regional transportation services. As the National Commission Urbanization noted, “the solution to urban transportation lies in developing the regional transportation services, optimal placement of activities in commuter sheds, integration of inter urban transportation services with regional transportation services”.
- 8.18** In respect of intra-city transport, the approach would depend on the size of the city. Bangalore which has grown enormously in size and population is witnessing massive investments for improvement of its road infrastructure and building the metro rail transit system. Mass rail transportation is suitable only for large metros and there is no need to introduce such a system in any other city in the state. With regard to Hubli -Dharwad, a fast rail shuttle should be introduced between Hubli and Dharwad (covering 18 Kms) by the Railways. If need be, an additional rail track must be built which will serve as suburban rail between Hubli and Dharwad.

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8.19 Some other issues which need attention in respect of urban transport have been spelt out in the National Urban Transport Policy the following issues are mentioned in particular:

- (1) integrated land use and transport planning
- (2) priority to use of public transport
- (3) financing and pricing of public transport
- (4) priority to non motorized transport and discouraging use of personal motors vehicles
- (5) Parking

8.20 The overall objective of the transport policy is to ensure safe, affordable, quick, comfortable, reliable and sustainable access for the growing number of city residents to jobs, education and recreation.

8.21 The Government of Karnataka has set up a Directorate of Urban Transport to plan and co-ordinate transportation services in all the cities in the State. It should initiate preparation of city level transportation plans. For Bangalore, a separate Metropolitan Land Transport Authority has been set up with Chief Secretary as Chairman. The BMLTA should be made a statutory body with powers to enforce its decisions.

8.22 Decentralized Utilities : For Public utility services (energy, water supply, sewerage, etc.) the shortfall in availability on adequate inputs can be partially addressed by encouraging consumers themselves to generate and use these locally. This is not only economically advantageous (since it would avoid transmission losses and other wastage substantially), it will also lessen the state's burden in providing these utilities to consumers. Further, it may even be permitted for those who (generate power / harvest water/manage sewerage through self-managed STPs) to allow their surplus capacity to be made available to the public

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service grid (for power, water and sewerage respectively), and financially compensated for this, as is the case for existing producers of these inputs.

8.23 Karnataka Urban Renewal Mission (KURM): With the Jawaharlal Nehru National Urban Renewal Mission, there is now a lot of money being invested in infrastructure and other improvements in the large cities and towns, but there is little attention on the smaller cities and towns notwithstanding UIDSMT. To overcome this imbalance, there is a need for a Karnataka Urban Renewal Mission, along the lines of JnNurm, but specifically focused on the municipalities that are not covered by the national mission. In these smaller towns too, a dedicated programme of legislative, administrative, financial and other reforms must be taken up so that their growth similar to that of the larger cities. This alternatives for those seeking to migrate to big cities.

Environmental Sustainability

9.1 Sustainable urban development is not a choice but a necessity if cities are to meet the needs of their citizens (United Nations 2007).

9.2 Some of the most critical problems facing our cities concern the health impacts of urban pollution generated by inadequate water, sanitation, drainage, poor waste management and air pollution. This set of problems known as the 'Brown Agenda' combined with what are called the 'Green Issues' such as depletion of water and forest resources, upgradation of environmentally fragile lands, occupation of areas prone to flooding, landslides etc. and the carbon emissions from energy use, heating, industry and transport now known as 'Climate Change Issues' all pose serious challenges to the health of the eco system of a city and its people. To tackle these issues, an Urban Environmental Management Action Plan must be formulated. A city specific plan would be required for large cities such as Bangalore, Hubli-Dharwad, Mysore and Mangalore and a common strategy can be evolved for other towns and smaller cities in the State. The major components of the action plan could be the following:

- i) Conservation of water resources: The objective should be to reduce the demand for fresh water. Conservation measures such as rain water harvesting should be made mandatory.
- ii) Waste Water Management: The recycling and re-use of waste water should be encouraged in cities which generate substantial quantities of sewerage and sullage. Decentralized waste water treatment plants must be set up at appropriate places.

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- iii) Controlling Air pollution: Air quality monitoring systems must be set up to measure various pollutants like particulates carbon dioxide, carbon monoxide etc. Controlling air pollution depend upon factors such as density of vehicular traffic and emission from industries. The Prevention of Air Pollution Act will have to be enforced strictly.

- iv) Energy Conservation: Cities consume enormous quantities of energy. In view of the shortage of electrical power, it is imperative to promote the use of renewable energy such as solar and wind power and other energy efficiency measures. Urban design will have to take into account the efficient use of energy and promote green buildings.

Urban Conservation and Built Heritage

9.3 Urban conservation has been defined as follows:

“Urban conservation seeks to retain that part of the urban environment whose character is improvement of national or local heritage. It also seeks to enhance the environmental character by ensuring that the siting and the design of any new development is complementary to it”. We have several towns and cities in Karnataka with precious heritage which needs to be protected. This heritage may be in the form of:

- Buildings or places of architectural, historical or cultural importance.
- Unique temples, mosques, and other monuments
- Designed environments such as Rulssel Market or City Market in Bangalore, Connought Place in Delhi etc.
- Water front areas:lakes, rivers or sea.
- Centers of recreation and tourism -natural or man made

Other items may be added depending on their significance to heritage.

9.4 It is necessary to enact a law to ensure the protection of heritage. Bangalore city had an Urban Art Commission which was unfortunately wound up a few years back. An Urban Art Commission or a Heritage Commission should be set up, one each, exclusively for Bangalore and Mysore and another for the State as a whole through legislation with statutory powers to carry out urban conservation effectively. This should be followed up by

- i) provision of adequate funds for carrying out the activities of the Commission and
- ii) amendments to the Town and Country Planning Act and the Municipal Acts in order to conserve the private buildings which have a heritage value. Urban conservation should be regarded as an integral part of the urban planning process and suitable changes incorporated in the master plan and building regulations.

Democratic Urban Governance

Democratic Framework

- 10.1** The passage of 74th CAA has provided new opportunities for urban governance reforms in the country. The municipal bodies have for the first time been provided the constitutional status of the third tier of government. They have been vested with increased responsibilities as a result of the devolution of 18 functions through the 12th schedule to the Constitution. Clearly, the intention of the Constitution is to provide a democratic structure of governance at the local level.
- 10.2** Local democracy is based on the principle of subsidiarity i.e., functions which are local in nature should be performed by the local government. Thus, public health, water supply, sanitation, public works, public safety, welfare, recreation and regulation of construction, food and trade activities all come within the domain of the local bodies. Besides these traditional core functions of municipalities, the Constitution has included certain other functions like planning for economic development and social justice, urban poverty alleviation, and urban and town planning. However, while recognizing local governments and providing a list of functions which could be performed by them, the Constitution does not directly endow them with any functions, responsibilities and powers. They derive their powers and functions from the States through specific legislation. Thus, in practice, it is the state governments which determine the degree of autonomy of the local bodies.
- 10.3** The reality of urban governance in Karnataka and in India general, in the context of a local government, stands in contrast to the philosophy of the Constitution. The colonial authoritarian structure of city governance continues to this day with resistance to sharing political power with local urban institutions. We, therefore, find a scenario where apart from urban local bodies, there is a host of parastatal

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and departmental agencies dealing with urban services. This is particularly so in metropolitan cities where there are separate government agencies dealing with water supply and sewerage, transport, land and infrastructure development etc. State level institutions such as the Karnataka Urban Water Supply and Drainage Board, Karnataka Slum Clearance Board, Bangalore Water Supply and sewerage Board and Bangalore Development Authority, discharge some of the municipal functions. Even in the fiscal domain, the municipalities have very limited access to powers of taxation.

- 10.4** The argument for the state government or its agencies exercising some of what are generally municipal functions is that urban development requires depoliticized responses. The parastatals which enjoy greater functional autonomy than municipalities are said to be in a better position in terms of managerial efficiency and technical capacity to perform development functions. These arguments may appear valid only because the municipalities lack the autonomy to manage their affairs but if we are wedded to the policy of democratic governance, and decentralization, the answer actually lies in the empowerment of the urban local bodies which calls for redesigning of the local political institutions.

New Institutional Arrangements

- 10.5** The image of local government is equally characterized by democracy and efficiency. This should be the guiding principle. The elected representatives formulate the policy and set the targets. The administration's task is to support the elected representatives in this endeavour and reach the defined targets without detailed political supervision.
- 10.6** The present system of separation of powers between the deliberative wing (the Council) and the executive wing (the Commissioner and his staff) must be replaced by a system where political responsibility and accountability go together. This is possible only if the executive powers are vested in the elected

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representatives. The first requirement in a democratic society is that government, whether central or local, should be accountable to the electorate. A non-elected individual, no matter how dedicated he may be, can not pass the acid test of accountability.

10.7 In order to strengthen the democratic structure of urban local governance, new institutional arrangements are imperative.

10.8 The following alternative proposals can be considered:

- i) **Directly elected Mayoral system:** The Mayor or the President of the Municipality is directly elected by the people of the city or town for a period of 5 years (or 4 years) and vested with executive powers. The Mayor/ President will constitute a Committee of not more than ten members or 10% of the strength of the council whichever is less. This Committee will function as a cabinet at the city level and each member of the Committee will be entrusted with specific subjects or portfolios by the Mayor/ President. Rules will have to be framed defining powers to be exercised by the Mayor / President, the Committee and the individual members. The Commissioner or the Chief Officer will be the Chief Administrative Officer of the municipality and will exercise powers as defined under the Act and the Rules. He shall be appointed by the Mayor after a procedure of selection from amongst suitable candidates whose qualification shall be prescribed under the rules.
- ii) **Mayor-in-Council System:** Under this model adopted by the Kolkota Municipal Corporation, the Mayor is indirectly elected i.e., he is elected by the Council from amongst the elected Councilors, as is the present practice in Karnataka. However, the Mayor will have a term of 5 years and will be the chief executive of the corporation. The Mayor appoints the members to what is known as Mayor-in-Council which functions as a Cabinet. The Commissioner is the Principal Administrative Officer and is responsible to the Mayor.

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- 10.9** The system of directly elected Mayor is preferable as it helps to build city leadership. Many of the liberal democracies in the world have directly elected Mayor who plays the role of not just a city father but of a city leader.
- 10.10** The primary objective of any model of local government should be (i) effective delivery of public services and (ii) ensuring public accountability. Administrative efficiency alone can not be the criterion of good urban governance, political participation is equally important. Lord Ripon who laid the foundation of local government in India observed, “It is not primarily with a view to improvement in administration that this measure is put forward and supported. It is chiefly desirable as an instrument of political and popular education” (Ripon Resolution 1930)

Ward Committees

- 10.11** In large cities, powers and functions need to be further decentralized to the grass root level. Article – of the Constitution provides for the constitution of ward committees in larger municipal areas. It is proposed that Ward Committees may be constituted in all cities in the State with a population of over one lakh. There can be one ward committee for a population ranging from 10,000 to 30,000 based on the total population size. The number of members per ward committee should not exceed 10 excluding the ward councillor who shall be the Chariman of the committee. All the other members of the committee will also be directly elected by the people.

Neighbourhood Area Committee (NAC)

- 10.12** In towns where there are no Ward Committees, Neighbourhood Area Committee(NAC) may be constituted for a population not exceeding 3000 (in Bangalore, it may extend upto 5000). People of the Neighbourhood may directly elect members of the NAC including a Convenor. NACs can be encouraged even

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in cities with Ward Committees, in which case, the convenor can be a member of the Ward Committee.

Functions of Municipalities

10.13 With continuous growth of urban population, the scope of urban governance has broadened as cities are faced with the challenges of not only providing basic civic services but dealing with urban infrastructure development. The 12th schedule to the Constitution includes not only the core local functions to be performed by the ULBs but planning and development functions which encroach on the territory of the State Government. Clarification of functional responsibilities is therefore a pre-requisite for an efficient local government.

The delineation of the functions should be followed by providing the necessary financial autonomy and administrative autonomy through delegation of powers. The extent of autonomy or delegation may vary depending on the size of the city. The role of parastatal organizations with respect to different classes of cities should also be clearly defined. Taking into consideration the political, administrative and financial capabilities of the three classes of ULBs, we may adopt a policy of decentralising functions listed in the 12th schedule over a phased period and simultaneously build capacities of these institutions to take on greater responsibilities. The ultimate goal should be to reduce the role of the State Government and the parastatal organizations and enable the ULBs to emerge as units of self government.

Role of parastatals

10.14 Development authorities for urban areas in the state are constituted under the Karnataka Urban Development Authorities Act. There are at present 28 Urban Development Authorities (UDAs) and 25 Town Planning Authorities besides 45 Municipal Planning Authorities. A review of the performance of the UDAs in the state reveals that 5 of them viz., Gadag, Haveri, Udupi, Chamarajanagar and

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Madikeri have not executed any town planning scheme so far. Six UDAs viz., Kolar, KGF, Tumkur, Davanagere, Mandya and Chitradurga have implemented the scheme in a somewhat satisfactory manner, while the performance of the remaining UDAs can only be termed poor. Many of the schemes taken up by UDAs are not demand based with the result that the plots allotted remain vacant for long. Moreover, the required infrastructure and services are not provided even after sites are allotted. It is also observed many schemes have been executed in violation of the Master Plan. On the whole, the UDAs have not achieved the purpose for which they have been set up. They suffer from lack of resources as well as technical and administrative capacities.

- 10.15** According to the 74th CAA, ULBs should be entrusted with the planning function. It is only appropriate that the elected civic body which has been mandated to provide civic services is also given the responsibility for planning and regulating the development of the city. It is, therefore, suggested that the UDAs and Local Planning Authorities where they exist may be abolished. The jurisdiction of the municipalities may be extended to cover the peripheral areas developed by UDAs, after proper scrutiny. In any case, the District Planning Committee is expected to integrate the urban and rural plans. As such, every urban area should become part of the district planning process. This would imply that all ULBs in the state are assigned urban and town planning functions. They will prepare the Master Plan for the city or town and enforce the zoning regulations as also the city development plan for providing necessary infrastructure services. It is advisable to have a single integrated plan incorporating the land use plan and the development plan for the city. It is equally important to develop the capacities of the ULBs in urban planning by appointing trained professions.

Personnel Policy (HRD)

- 10.16** Effective delivery of civic services demands greater professionalism and accountability in urban management. The present policy and rules relating to

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municipal or Government personnel are not conducive to developing professional competence and accountability. It is, therefore, necessary to amend the recruitment rules to enable municipalities to attract, motivate and retain qualified personnel. The rules should provide for inducting professionals in the areas of urban planning, traffic and transportation engineering, sanitary engineering, municipal financing etc.

Postings and transfers need to be rationalized. The frequent changes of Commissioners of Municipalities will have an adverse effect on the organization. A minimum tenure of three years should be provided to the Chief executives of Municipalities. The recruitment boards should provide for appointments of professionals and specialists from the open market or by deputation of suitable persons from State/ Central or even private sector organizations. Specialists can also be appointed on contract basis.

Management of a city, particularly larger cities is becoming increasingly complex and sets it apart from the normal programmes of a State Government or other sectors. Urban local governance demands responsiveness to civic services concerning daily necessities of water, sanitation, power and transport. Management of these tasks involves detailed planning, raising of resources, project implementation and organization of maintenance. At the same time, the city managers need an understanding of the dynamics of demography, change in land use patterns and the evolving social and economic demands of the city. There are also elements of regulations, licensing and law enforcement. Thus, the personnel required to perform multifarious tasks of the scope and quality that the citizens demand must be of good caliber.

Capacity Building

10.17 A well conceived decentralized process should include the strengthening of capabilities of local government. In fact, the 'weakness' of local governments is being used as an excuse to retain powers with the State Government. It is,

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therefore, the responsibility of the State Government to assist the ULBs to improve the institutional capabilities through programmes of capacity building.

A programme of municipal development could be devised based on different requirements of the municipal bodies in the State. The programme could cover the following areas:

- Solid Waste Management
- Land use planning capacity
- Community participation and NGO/ CBO development
- Public awareness and education
- Operation and maintenance
- Baseline for environmental monitoring by the municipal authorities
- Personnel policy and regulations
- Municipal Finance Management

It is extremely important to strengthen the Town Planning Department which is the nodal agency to supply town planners to several ULBs and other urban organizations in the State. It would also provide technical guidance to ULBs. At the State level it should be involved in preparing state level and regional spatial plans.

Capacity Building can be of two types: (i) Institutional Training and (ii) Systems Improvement within the organization. The State Institute of Urban Development in Mysore provides training facilities but are mostly confined to the middle level management. It would be useful to set up a separate Institute for Urban Planning and Management in Bangalore that acts as a centre for training and research in the urban sector. The Institute can also undertake preparation of basic documents such as survey and mapping of the utilities, roads, storm water drains etc and develop new tools for efficient urban management, such as GIS, GPS and other computer based applications.

Participatory City Governance

- 10.18** Although we have adopted the system of representative democracy, there is growing aspiration among the citizens for participation in city governance. NGOs and CBOs have proved to be effective co-partners in many areas of urban services contributing to a people's perspective on plans developed by the official machinery as well as in specific areas. For instance, NGOs in Bangalore have taken active part in slum redevelopment; Residents Welfare Association have participated in solid waste management, and some professional groups have reacted to the provisions of the Master Plan and offered their suggestions. It would, therefore, be important for Government and local bodies to respond adequately to public opinion and build consensus on key issues of development.
- 10.19** Promoting a culture of transparency and openness would help building public confidence and also improve the level of accountability and responsiveness.
- 10.20** The Right to Information Act is a legal tool available to the public to seek information from any government organization. One of the reforms suggested under JNNURM is enactment of a law for public disclosure of information. An important provision (hardly noticed) relating to access to information is contained in Rule-I (2 and 3 of schedule Taxation rules) of the Karnataka Municipal Corporations act 1976. Under this rule, the assessment books and particulars relating to any assessments shall be open at all reasonable times and without charge to inspection by any person who pays any tax to the Corporation or its authorized agent. Apart from legal provisions, the institution of the Ward Committee should be recognized as a key element in ensuring public satisfaction with the services provided by a Municipality at the grass root level. It is also important to promote the spirit of neighbourhood which is fast disappearing in cities. Neighbourhood Area Committee can play a useful role in voicing the needs of their areas. Participatory Budgeting, Social Audit of public projects and

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public consultation on key issues are other means of promoting transparency and public participation.

Citizen Participation in Neighbourhood Improvement

10.21 In many cities and towns, there is a healthy tradition of people coming together (often under the aegis of housing or commercial associations) to seek improvements in their areas. However, these efforts now taken place without a framework of policy support, and are therefore ad-hoc. Instead, we must put in place a formal governance mechanism by which a variety of responsibilities (municipal services, security, education, health, etc.) can be augmented by private citizens working in collaboration with government departments.

Such arrangements must also allow financial participation on a voluntary basis by the residents themselves, and formal managerial control over local issues like traffic, parking, cleanliness, etc. This will allow the municipalities to focus their own resources on the most needy parts of the city / town. Citizen-led initiatives also often have high flexibility than city-wide programs, and can be more focused on local issues in each neighbourhood as a result. The state must actively encourage such arrangements to seed and foster Neighbourhood Improvement Programs.

Legal Framework

10.22 There is a multiplicity of laws governing the urban areas in the state. These laws may be classified as follows:

Planning Legislation:

1. The Karnataka Town and Country Planning Act, 1961
2. Bangalore Development Authority Act, 1976
3. Bangalore Metropolitan Region Development Authority Act, 1985
4. Karnataka Urban Development Authorities Act, 1987

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Municipal Legislation:

1. The Karnataka Municipalities Act, 1964
2. The Karnataka Municipal Corporation Act ,1976

Development Legislation:

1. The Karnataka Industrial Area Development Act , 1966
2. The Karnataka Housing Board Act ,1962
3. The Karnataka Urban Water Supply and Drainage Board Act , 1973
4. The Karnataka Slum Area (Improvement) and Clearance Act , 1970
5. Land Acquisition Act, 1894.

Regulatory Legislation :

1. The Karnataka Land Reforms Act ,1964
2. The Karnataka Land Revenue Act, 1964
3. Karnataka Registration Act

Apart from the Acts, there are rules and by-laws regulating various activities in urban areas.

10.23 Many of the laws have become outdated and need to be revised. The Karnataka Town and Country Planning Act hardly deals with country planning. There are also overlapping and conflicting provisions in various Acts. For example, both BDA and BMRDA are designated as coordinating authorities in their respective Acts, in practice neither of them performs the functions of coordination. The Karnataka Land Revenue Act and Land Reforms Act contain obsolete provisions relating to conversion and transfer of land which were perhaps relevant 30-40 years ago.

The rapid growth of urbanization and industrialization in the state over the last three decades have brought about economic and social changes which call for corresponding changes in the laws of the State. It is, therefore, essential to revisit

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all the laws impinging on urban development and evolve a new legal framework which will address the present and future demands of urban development. The following suggestions are made in this regard:

1. The Karnataka Town And Country Planning Act must be replaced by the Karnataka Urban and Regional Planning and Development Act which will address the planning needs of towns, cities and regions and provide an integrated approach to urban development. This Act should provide for setting up Metropolitan Planning Committee and District Planning Committee. It should also contain provisions relating to land use and development, land acquisition, assembly and disposal. Innovative methods of land acquisition such as land pooling, land sharing with farmers and land owners, TDRs private sector participation in land development should also find a place.
2. The Karnataka Urban Development Authorities Act may be repealed. The provision relating to conversion of agricultural land for non-agricultural purposes in the Karnataka Land Revenue Act should not be applicable to people whose agricultural land comes in urban or metropolitan areas. The use of land in urban areas is governed by the Master Plan and as such, the rules relating to change of land use in the Town and Country Planning Act (New Act) should apply.
3. The transfer of agricultural land through sale, lease or mortgage requires permissions of the Revenue Authorities under the Karnataka Land Reforms Act. This restriction along with the provision relating to conversion of agricultural land has contributed to enormous delays in land acquisition and corruption and has acted as an impediment to rapid housing and urban development. This restriction needs to be removed to facilitate smooth transfer of agricultural land for urban uses.

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4. The Municipal Acts require thorough revision based on the new structure of urban governance to be adopted. It is essential to have clarity of the functional responsibilities of each authority. The new municipal laws should reflect the spirit of 74th Constitutional Amendment which aims to make ULBs units of self government.
5. Regulatory provisions relating to licensing and permission of buildings, trading, industrial and commercial activities should be made simple and oriented to the living needs of citizens and development needs of the city. It is suggested that license or sanction for plans to construct residential buildings in plot size of 40'X60' or less be done away with. The building should, however, conform to provisions of building byelaws and the architect concerned would be responsible for violations. A copy of the building plan must be filed in the office building plan must be filed in the office of the concerned engineer on time or physically.
6. The legislative changes required for Bangalore Metropolitan region may be made in accordance with the recommendations of the Expert Committee on the Governance of Bangalore.

Financing Urban Development

11.1 Financial resources are required for the following activities:

- i) Provision of municipal services
- ii) Operation and Maintenance of assets(O&M)
- iii) Infrastructure Development
- iv) Debt Servicing

11.2 The ULBs in general are characterized by low municipal receipts leading to low municipal expenditure and low level of municipal services. This can be explained by low elasticity and buoyancy of local taxes, poor tax administration and lack of financial autonomy for local governments. The trend in the growth of municipal finances in Karnataka is shown below:

Municipal Finances, ULBs in Karnataka (in Rs lakhs)

Sl. No.	Particulars	FY 02	Fy 03	FY 04	FY 05	FY 06
1	Revenues	66271.54	72034.32	67582.36	63195.96	89108.66
2	Expenses	68484.67	60957.56	60415.47	60443.21	80490.39

11.3 It is interesting to note that the expenditure of ULBs has remained lower than the revenue. A similar trend is visible in respect of per capita income and expenditure. Table 12 shows this is consistently true for all types of ULBs for the period 2002-07. In other words, the capacities of the ULBs to spend is poor. The III SFC has observed that in most cases ULBs are unable to spend their entire revenue. In fact, the gap between per capita revenue and expenditure has been increasing – from less than Rs.100 during 2002-03 and 2003-04 to over Rs.200 during 2004-05 and 2005-06. For the year 2006-07, there is a huge difference of Rs.701/- between per capita revenue of Rs.1141 and per capita expenditure of Rs.440. Bangalore's per capita revenue and expenditure are one of the lowest in the country.

11.4 The resource base of the ULBs is composed of:

- (1) Own revenue (tax and non-tax)
- (2) Government grants
- (3) User charges
- (4) External assistance (loans)

Devolution Framework

11.5 Under Article 243Y of the constitution, the State Finance commission is expected to:

- undertake a review of the finances of municipalities.
- estimate the future financial requirements of municipalities.
- design a package of: a) taxes, duties, tolls and fees that may be i) assigned to municipalities and ii) shared between the state and municipalities, and (b) grant-in-aid that may be extended to municipalities out of the consolidated fund of the state.
- suggest measures for strengthening the financing of municipalities.

The state's devolution of revenue grants thus takes place through the institution of the SFC. The framework of devolution suggested by the SFCs demarcated the amount of state resources to be made available to the local governments and applied a percentage share on that amount for devolution to rural and urban local bodies. According to the Government Order of April 12, 2006, based on the recommendations of the II SFC, the share of ULBs in the State's NLGORR* is to be increased from 6% in 2005-06 to 8% in 2009-10. Government chose to adopt the principle of NLNORR* instead of NLGORR recommended by II SFC.

Government Grants

11.6 An analysis of the revenue sources of ULBs carried out by III SFC shows that over 60 percent of their revenues comes from government grants, as shown in Table 13. The dependency ratio of City Corporations and City Municipal Councils is less than 50% compared to Town Municipal Councils and Town Panchayats where it is more than 50%.

11.7 An important recommendation of SFC pertains to earmarking of funds for what is known as Global Protection and Global Provision. Global Protection includes

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committed expenditure on payment of salaries and pension contribution to municipal employees, shortages in repayment of loans and power sector dues. Global provision includes items such as shortfalls in the ULB share for water supply and sewerage projects, shortfall in externally aided projects, settlement of arrears of cess and provision for incentivisation funds.

- 11.8** An assessment of the devolution process indicates that there are delays in implementation of the recommendations of SFC leading to accumulation of undeveloped amounts to ULBs. The undeveloped amount for 2007-08 stood at Rs.525 crores. Secondly, the State's policy of intervention to protect the interests of ULBs by payment of municipal dues through SFC devolutions may be well intentioned but it could act as a disincentive to improving their own revenues. It is suggested that an Urban Finance Framework be developed in a manner that ensures consistent support in the form of grants and at the same time link it to the performance of ULBs.

Tax Revenue

- 11.9** Municipalities are empowered to levy taxes on i) buildings or lands or both (property tax), ii) advertisements, iii) toll on vehicles other than those taxed under Karnataka Motor Vehicles Taxation Act, 1957, and iv) water rate on water supplied by the Municipalities. Property tax is the major source of tax revenue for ULBs, an average of 53% of own revenues. The ARV system which was in vogue in the state has been replaced by the Capital Value System. The new system is more rational and has come to be accepted by all municipalities. It is, however, necessary to take measures to improve tax administration in terms of coverage of properties (a good percentage of properties escape taxation) and collection efficiency. At the end of March 2009, arrears to the tune of Rs.160 crores of property tax was outstanding, (excluding Bangalore) the average collection percentage being 52. The performance of different classes of ULBs in tax collection may be seen in Table 14.

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11.10 The exemption granted to certain categories such as educational and charitable institutions needs to be reviewed to ensure that the exemptions are genuine. Properties belonging to State or Central government are exempted wherever they are not used for residential or commercial purposes. There is no reason why government properties should be exempted from taxation. At present, a number of cesses or charges for other services are clubbed with property taxes. It stands to reason that the property tax is delinked from other levies which should be based on their own merit. Advertisement tax is a good source of revenue in larger cities but has not been exploited adequately.

Pricing of services- Tariff Policy

11.11 A basic principle of local finance is, wherever possible, charge. Local taxes should be viewed as a form of benefit tax or user charge for services provided at the local level. In this premise, it is now being argued that services such as water supply, sanitation and solid waste management should be priced on the basis of the cost of provision. The aim is not just recovering the cost but to ensure that under pricing does not lead to over consumption. At the same time, it is important to remember that it is the State's responsibility to provide the minimum level of basic services for all sections of the population irrespective of their status and affordability. It must be borne in mind that traditionally property tax has been regarded as a general purpose tax to take care of the civic services to be provided by the municipalities.

11.12 There is, no doubt, a need for rationalization of tariff on services like water supply, sewerage and public transport considering the enormous increase in the capital and O&M costs of providing them. It is desirable to set up a Regulatory Authority for municipal services such as water supply, sewerage and public transport. Its functions will include determination of tariff from time to time based on rational criteria and giving due consideration to the principle of equity and such other regulatory matters as government may decide. Government's policy should be based on the principle of full cost recovery and compensating the

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service provider where the weaker sections are to be subsidized. To the extent possible, price adjustments could be made through a system of cross-subsidy. Shortfalls, if any should be made good by the Government through budgetary provision. There can also be a case where Government desires to consciously promote a cause such as public transport with a view to curb use of private transport as a part of urban transport policy. Here again, Government should compensate the losses to the Transport Corporation, if any, on account of a deliberate pricing policy. Correspondingly, it should be possible to adopt a suitable parking policy in cities to mobilize revenues by levy parking charges.

Funding Capital Expenditure

11.13 Capital expenditure is usually met through budget provision and institutional finance. Institutions such as HUDCO and multilateral agencies like ADB and World Bank have been extending financial assistance to ULBs and other urban development authorities to build infrastructure and housing. Alternative sources of financing that can be tapped are:

Land as a resource Land is the most productive asset owned by Municipalities and UDAs. They can increase their revenues through:

- a) Betterment levies, impact charges, development charges etc;
- b) Transfer of Development Rights (TDR). In Bangalore, TDR has been used to acquire land for the purpose of road widening;
- c) Parking fee can be a very good source of revenue in cities where the number of vehicles on the streets is increasing.
- d) Levy of a fee on tapping of ground water.

Access to capital markets: Cities like Bangalore, Hyderabad, Ahmedabad etc have raised funds through municipal bonds. It is essential to enhance credit worthiness of municipalities to raise funds from capital market.

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Multilateral institutions like the World Bank, ADB and JBIC provide long term debt with comfortable terms of repayment. Karnataka has been availing funds from this source during the last 10-12 years.

Public-Private Partnership is being increasingly advocated for infrastructure development in recent years. Karnataka Government has issued policy guidelines on PPPs. Negotiating and operating PPPs require a professional approach and as such ULBs and urban authorities should equip themselves adequately for the implementation of PPP ventures.

Private sector participation in delivery of municipal services is seen as contributing to efficiency and cost effectiveness. There are different options for private sector operations such as service contract, management contract, lease, concession and BOT/ BOO. Options must be exercised carefully depending on the nature of the project and expected outcomes.

There is a view that business must be made to participate in the process of creating new social assets in the city as social wealth is created over generations and its exploitation for private profit without participation in its creation and upkeep is not fair. A system can be devised whereby businesses are given exemptions or incentives when they create assets such as housing and infrastructure.

Agenda for Action

- 1 Set up State Urbanization Commission Council (in place of State Town Planning Board)
- 2 Constitute Metropolitan Planning Committee for Bangalore, Hubli-Dharwad, Mysore
- 3 Reconstitute District Planning Committees as per 74th CA
- 4 Prepare State Spatial Perspective Plan / Regional Development Plans
- 5 Reorganize ULB structure / Introduce new Mayoral System
- 6 Constitute Ward Committees in Class I cities (direct election) and Neighbourhood Committees in all municipal areas
- 7 Devolve functions to ULBs as per XII Schedule over a phased period
- 8 Abolish Urban Development Authorities – vest planning powers in ULBs
- 9 Formulate Urban Land Policy – Set up a Committee to review Land Use Regulations
- 10 Establish Karnataka Urban Renewal Mission (KURM) to focus on land / infrastructure development in small medium cities
- 11 Amend Land Acquisitions Act, Karnataka Land Revenue Act, Reforms Acts- simplify procedures for acquisition / purchase of land
- 12 Replace KTCP Act by Karnataka Urban and Regional Planning Act
- 13 Set up Urban Poverty Alleviation Authority Cell in ULBs – Revise KSCB Act
- 14 Restructure parastatal organizations - KUWS&DB, BWSSB, BDA, BMRDA, KSICB

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- 15 Set up Urban Services Regulatory Authority- clarify policy on cost recovery and subsidy (water , sewerage, transport)
- 16 Prepare City Mobility Plans for Class I cities
- 17 Stream line Property Tax administration- review exemptions, cesses.
- 18 Promote Transparency Accountability through citizen participation
- 19 Formulate Municipal Personnel Policy – to guide recruitment, postings, promotions and training
- 20 Bangalore - Take action on Expert (Kasturirangan) Committee Report on Urban Governance in BMR
- 21 Promote Research and Capacity Building in urban Planning and Management

Table 1: Ranking of major States by level of Urbanisation-2001

Sl.No.	State	Percentage of Urban Population to total population - 2001
	India	27.9
1	Tamil Nadu	44
2	Maharastra	42
3	Gujarat	37.3
4	Karnataka	34

Table 2: Decadal growth of Urban Population in Karnataka

Year	Number of towns	Total Population	Urban Population	Percentage of urban to total population	Percentage decadal growth rate
1	2	3	4	5	6
1901	215	13,054,754	1,639,900	12.56	-
1911	180	13,525,251	1,563,772	11.56	-4.64
1921	193	13,377,599	1,840,687	13.76	17.71
1931	210	14,632,992	2,239,134	15.30	21.65
1941	207	16,255,365	2,753,967	16.94	22.99
1951	285	19,401,956	4,453,480	22.95	61.71
1961	213	23,586,772	5,266,493	22.33	18.26
1971	227	29,299,014	7,122,093	24.31	35.23
1981	250	37,135,714	10,729,606	28.29	50.65
1991	254	44,800,468	13,850,702	30.91	29.09
2001	237	52,733,958	17,919,858	33.98	28.85

Table 3: Classwise distribution of urban population - 2001

Class	Population size	No of towns	Population (in lakhs)	Proportion (InPercentage)	Decadal percentage 1991-01
I	> 1 lakh	24	120.43	67.2	+33.7
II	50,000 to 99,999	27	17.26	9.6	+69.5
III	20,000 to 49,999	101	30.96	17.3	+26.2
IV	10,000 to 19,999	53	8.39	4.7	-21.6
V	5000 to 9,999	27	1.92	1.1	-31.9
VI	Less than 5,000	5	0.22	0.1	-71.4
	All	237	179.19	100	

Table 4 :Ranking of districts based on Level of Urbanization in Karnataka- 2001

Sl. No.	District	Percentage of urban to total population
1	2	3
1	Bangalore (Urban)	88.08
2	Dharwad	54.98
3	Dakshina Kannada	38.41
4	Mysore	36.90
5	Gadag	35.18
6	Bellary	34.86
7	Shimoga	34.79
8	Davanagere	30.30
9	Bagalkot	29.00
10	Uttar Kannada	28.67
11	Gulbarga	27.13
12	Raichur	25.42
13	Kolar	24.75
14	Belgaum	24.06
15	Bidar	22.94
16	Bijapur	21.87
17	Bangalore Rural	21.67
18	Haveri	20.79
19	Tumkur	19.64
20	Chickmagalur	19.52
21	Udupi	18.60
22	Chitradurga	18.15
23	Hassan	17.70
24	Koppal	16.61
25	Mandya	16.02
26	Chamrajnagar	15.37
27	Kodagu	13.80

Table 5: Decadal Growth of Population of Bangalore

Year	Population	% Increase over 10 years
1901	1,59,046	..
1911	2,89,485	+19.1
1921	2,37,496	+25.3
1931	3,06,470	+29.0
1941	4,06,760	+32.7
1951	7,78,977	+91.5
1961	11,99,931	+54.0
1971	16,53,779	+37.8
1981	29,13,537	+76.2
1991	33,02,296	+30.04
2001	43,13,248	+30.61

Source: census of India

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Table 6: District wise projected population and Land requirement for Urbanization – 2025

Sl. No.	District	Projected Population -2025			Urban Land Requirement - 2025	
		Total	Urban	% Urban Population	(In Ha.)	% of geo. area
1	2	3	4	5	6	7
1	Bangalore Urban	8867262	8867262	100.00	74152	33.86
2	Bangalore Rural	3071010	1726817	56.23	18723	3.22
3	Belgaum	6482302	2280957	35.19	38152	2.84
4	Bellary	3052720	986869	32.33	37395	4.44
5	Bidar	2311433	817307	35.36	11900	2.18
6	Bijapur	2884679	1025084	35.54	27301	2.61
7	Bagalkot	2502205	856727	34.24	9422	1.43
8	Chickmagalur	1877778	663010	35.31	12581	1.75
9	Chitradurga	2421502	873711	36.08	9796	1.17
10	Chamrajnagar	1628149	589237	36.19	9984	1.76
11	Davanagere	2874040	974297	33.90	13505	2.24
12	Dharwad	2986638	828219	27.72	32831	7.76
13	Dakshina Kannada	2867739	946553	33.01	23108	4.77
14	Gulbarga	4888499	1684471	34.46	25851	1.59
15	Gadag	1583865	526495	33.24	36349	7.81
16	Hassan	3028034	1034700	34.17	13916	2.04
17	Haveri	2015563	742645	36.85	11800	2.43
18	Kolar	4085680	1445886	35.39	18345	2.23
19	Koppal	1767172	626694	35.46	9303	1.10
20	Kodagu	894476	333701	37.31	5714	1.39
21	Mandya	3032425	1127951	37.20	11625	2.34
22	Mysore	4197005	1382897	32.95	17881	2.85
23	Raichur	2490389	877342	35.23	16992	3.06
24	Shimoga	2677267	870808	32.53	16312	1.93
25	Tumkur	4248145	1539301	36.23	17531	1.65
26	Udupi	2118646	727793	34.35	26920	7.48
27	Uttara Kannada	2249426	788854	35.07	19895	1.93
	State	83104048	35145389	42.29	567285	2.96

Table 7: Performance of ULBs on street lighting

Sl. No.	Items	Numbers
1	No of street lights not functioning	10-12%
2	No of street lights mal functioning	10-30%
3	No of street lights exceeding the burning hours	35%

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Table 8: Proportion of Urban Development outlay in Five Year Plans

Sl. No.	Plan Period	Total Outlay (in crores)	Outlay for Urban Development (in crores)	% to Total
1	Third Five Year Plan	250.00	5.00	2.00
2	Fourth Five Year Plan	440.00	35.00	7.95
3	Fifth Five Year Plan (1974-79)	1350.00	128.00	9.48
4	Sixth Five Year Plan (1980-85)	2500.00	215.00	8.6
5	Seventh Five Year Plan (1985-90)	5500.00	743.41	13.52
6	Eighth Five Year Plan (1992-97)	11000.00	1266.10	11.51
7	Ninth Five Year Plan (1997-2002)	31144.87	4770.66	15.32
8	Tenth Five Year Plan (2002-07)	50850.00	10354.73	20.36

**Table 9: Twelfth Schedule to the Constitution
(Article 243- W)**

1. Urban Planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker section of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds, cremations, cremation grounds and electric crematoriums.
15. Cattle pounds, prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries.

Table 10: Reforms Proposed under JNNURM

Mandatory Reforms - State Level
S1: Implementation of 74th Constitution Amendment Act
S2: Integration of City Planning and Delivery Functions
S3: Rent Control Reforms
S4: Rationalisation of Stamp Duty
S5: Repeal of Urban Land Ceiling and Regulation Act [ULCRA]
S6: Enactment of Community Participation Law
S7: Enactment of Public Disclosure Law

Mandatory Reforms ULB Level
L1: E-Governance
L2: Municipal Accounting
L3: Property Tax
L4: User Charges
L5: Internal Earmarking of Funds for Services to Urban Poor
L6: Provision of Basic Services to Urban Poor

Optional Reforms - State Level
O1: Introduction of property title certification system
O4: Ear marking of at least 20-25 percent of developed land in all housing projects (both public and private agencies) for EWS/LIG category with a system of cross subsidization
O5: Simplification of legal and procedural framework for conversion of agricultural land for non-agricultural purpose
O6: Introduction of Computerized process of Registration of Land and Property
O10: Encouraging Public Private Partnership

Optional Reforms - ULB Level
O2: Revision of Building Byelaws to streamline the approval process
O3: Revision of Building Byelaws to make rainwater harvesting mandatory in all buildings
O7: Byelaws on reuse of recycled water
O8: Administrative Reforms
O9: Structural Reforms

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**Table 11: Investment in Karnataka – Share of Bangalore (upto 31-12-2008)
in Rs. Crores**

Project Cost	No. of Projects (Private)	Investmet	Employment
Below Rs.50 crores State	1311	18302	377951
Bangalore	678 (51.7%)	9357 (51%)	254901 (67%)
Rs.50 crores + State	195	65255	565451
Bangalore	85 (43.2%)	19650 (30)	451495 (79.85%)

Investment in Water Supply Schemes (2008)		
	No. of Projects	Investment
State by KUWS&DB	447	1529
Bangalore (BWSSB)	Cauvery I – IV Cauvery IV– Phase II	1715 + (3383) estimated

**Table 12: Per capita Revenue and Expenditure of ULBs
for the period 2002-07**

{in Rupees}

Type ULB	Financial Years									
	2002-03		2003-04		2004-05		2005-06		2006-07	
	Rev	Exp	Rev	Exp	Rev	Exp	Rev	Exp	Rev	Exp
City Corporations	380	470	513	482	521	387	696	505	1198	502
City Municipal Councils	378	256	427	308	467	293	513	304	879	425
Town Municipal Councils	296	277	394	314	498	237	484	310	1115	423
Taluk Panchayats	362	216	442	288	595	285	606	346	1362	514
Total	339	275	420	334	523	264	536	323	1141	440

Rev: Revenue, Exp: Expenditure

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Table 13 : Percentage Distribution of Revenues of ULBs (2002-07)

Types of revenue sources	Type of Urban local body				
	CC	CMC	TMC	TP	Total
Property taxes	20.47	15.99	12.07	9.23	15.76
Advertisement	0.15	0.07	0.04	0.00	0.08
Theatre tax	0.00	0.00	0.00	0.01	0.00
Entertainment tax	0.00	0.00	0.00	0.00	0.00
Professional tax	0.03	0.02	0.02	0.04	0.03
Construction or building tax	0.27	0.23	0.13	0.16	0.22
Consumption tax	0.00	0.56	0.17	0.66	0.33
Duties	0.00	0.04	0.52	0.11	0.13
Transfer of immovable properties	1.32	1.16	0.58	0.39	1.00
Registration and stamps	0.10	2.24	0.43	0.40	1.05
Charges, fees and fines	7.10	1.95	1.11	0.90	3.16
Cess	5.09	2.15	2.14	2.38	3.03
Tolls	-	0.09	0.69	0.05	0.19
General grants	11.12	14.69	13.03	13.45	13.17
Specific grants	47.51	44.27	50.07	57.48	47.83
Head of transfer	-	3.59	9.25	6.80	4.06
Scheme	0.15	0.07	0.04	0.00	0.08
Others	6.67	12.89	9.72	7.93	9.89
Total	100%	100%	100%	100%	100%

Table 14: Property Tax Collection – Performance of ULBs

(Rs. in lakhs)

Sl. No.	Name of ULB	Opening Balance	Demand	Total demand	Total Collection	Balance	Percentage
1	City Corporations	6186.12	8937.34	15123.46	8969.08	6154.38	59.31
2	CMC	7616.77	5774.37	13391.14	6963.87	6427.26	52.00
3	TMC	2938.51	2566.35	5504.87	3119.92	2384.94	56.68
4	TPS	815.17	1182.52	1997.69	929.07	1068.62	46.51
5	NACs	3.07	28.62	31.69	28.63	3.06	46.51
		17559.64	18489.2	36048.85	20010.57	16038.26	261.00