

VOLUME

1

UDPFI

URBAN DEVELOPMENT PLANS
FORMULATION & IMPLEMENTATION
GUIDELINES

MINISTRY OF URBAN AFFAIRS & EMPLOYMENT
GOVERNMENT OF INDIA, NEW DELHI

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EXECUTIVE SUMMARY

Need for Guidelines

Taking into account the not so efficient capabilities of the urban local authorities vis-a-vis the provisions of the Constitution (Seventy-Fourth) Amendment Act, 1992 (74th CAA), the deficiencies in the Master Plan approach as identified during the National Workshop on this subject held at Delhi in 1995 and the current policy of economic liberalisation, the need is felt to assist the administrators, municipal town planners, and the consultants with guidelines for urban development plans formulation and implementation (UDPFI).

Scope of Study

The terms of reference of the study included formulation of guidelines for :

- a) preparation of spatial development plans and resource mobilisation plans of small, medium and large size urban centres;
- b) efficient implementation mechanism and innovative techniques for promotion of planned spatio-economic development of urban areas; and
- c) simplification of town planning laws and their amendments/restructuring.

Case Study Areas

Three states namely Maharashtra (highly urbanised), Orissa (urbanising), and Himachal Pradesh (hill state) were selected as case study areas.

Classification of Urban Centres

For the purpose of this study the urban centres have been classified as:

Classification	Population Range	
	Plain Areas	Hill Areas
a) Small Town :	less than 50,000	less than 20,000
b) Medium Town :	50,000 - 5,00,000	20,000 - less than 80,000
c) Large City :	more than 5,00,000	80,000 and more

Structure of the Report

The UDPFI Guidelines have been organised in two parts, **Part 1**, comprising nine chapters, giving details of the suggested planning system, planning process, plan approval system, contents of various plans, fiscal, land and manpower resource mobilisation, legislative support needed and further actions. These chapters are further supported by appendices giving simplified planning techniques; minimum spatial norms and standards; simplified development promotion rules and regulations; alternative systems of private sector participation. The specific variations as applicable to small, medium and large urban centres have been provided. Variations for hill areas, where applicable, have also been provided.

Part 2 contains suggested changes required in Model Regional and Town Planning and Development Law (Volume 2A) and modifications in Town Planning Acts of Maharashtra (Volume 2B) and Gujarat (Volume 2C).

Urban Development Planning System and Process

Review of literature on the subject in India and abroad reveals that each country has evolved a system that suited its specific needs and legal provisions. The recommended urban development planning system, has, therefore, taken into account the problems and the expectations as well as the legal, administrative and political system in the country. The 74th CAA demands devolution of planning function to local authorities and involvement of people in the planning decision making process; and administratively and professionally it is expected that the system should provide for a long-term policy plan, a mid-term comprehensive plan which is further integrated with budgetary process and divided into projects/schemes for implementation, monitoring and review.

Accordingly, the recommended urban development planning system consists of a set of the following four inter-related plans :

- a) **Perspective Plan :** A long term (20-25 years) policy plan of spatio-economic development of the settlement.
- b) **Development Plan :** Conceived within the framework of the approved Perspective Plan, it is a medium-term (generally five years coterminus with the term of the local authority) comprehensive plan of spatio-economic development of the urban centre.
- c) **Annual Plan :** Conceived within the framework of Development Plan, it is a plan containing the physical and fiscal details of new and ongoing projects that the local authority intends to implement during the respective financial year.

- d) **Plans of Projects/ Schemes** Conceived within the framework of approved Development Plan/Annual Plan, these are detailed working layouts for execution by a public or private agency..

Regional Approach

9. As a general principle, it is suggested that plans at the levels higher than the settlements should be regional in nature and contents. Similarly, national and state level plans shall incorporate only those developmental policies and programmes that need to be addressed at that level and also those that come under joint responsibilities of centre, state and local authorities.

Plan Formulation

10. With a view to ensuring participation and commitment of the various departments, it is suggested that a **Development Integration Committee** be constituted, comprising a Chairman and the head of all departments, local, state or central, functioning at the settlement level as members, with the municipal town planner as the member-secretary. This committee will discuss and advise on development aims and objectives; provide input on projections, priorities and major requirements; and also ensure cooperation of inter-departmental actions.

Decentralisation of Plan Approval Process

11. Following the spirit of the 74th CAA and recognising the fact that the current process of approval of urban development plans takes a lot of time, resulting in delays, it is recommended that the plan approval process should be time bound and decentralised as follows :

Plan	Approving Body	Maximum Time frame for Approval(months)
a. Perspective Plan	State government, through State Chief Town Planner	10
b. Development Plan	Municipal Council/Corporation	7
c. Annual Plan	Municipal Council/Corporation	3
d. Schemes/Projects	Municipal Planner	1

Implementation

12. The recommended steps for implementation of various plans include :
- a) Formulation of the projects for implementation within the framework of approved development plan/annual plan.

- b) Identification of various agencies responsible for : (i) Development Promotion Management ; and (ii) Execution of projects.
- c) Actions for implementation which include : (i) Public-sector interventions; (ii) Private sector actions, and (iii) Joint-venture or public-private partnership.

People's Participation

13. A system of direct and indirect participation of the people has been suggested as under:
- a. The suggested **indirect participation** of the people is ensured through elected representatives in the municipal Council/Corporation and Ward Committees (74th CAA). This kind of participation has appropriately been provided in the Perspective, Development and Annual Plans formulation process.
 - b. The **direct participation** can be through individuals, citizens' groups, neighbourhood groups, business groups, consumer groups, and such other groups. NGOs and CBOs can also play a vital role as an intermediate link between the people and the government. Such a participation has been suggested for plan approval, and formulation of land pooling and other schemes and rehabilitation/re-development projects that directly affect the people.

Resource Mobilisation

14. For **fiscal resource mobilisation** the suggested measures include :
- a. **Municipal Taxes** : Some of the promising new taxes for which powers could be delegated to the local authority are :
 - tax on consumption of electricity (as in Delhi);
 - a surcharge on petroleum products;
 - a tax on advertisement is already a lucrative and popular tax in some states;
 - entertainment tax; and
 - stamp duty.
 - b. **Land Based Taxes** : Urban land is emerging as a potent source for local resource generation. The following are promising areas for land based taxation :
 - Vacant developed land cess

- Tax on land value increment due to rise in price or provision/upgradation of infrastructure
- Change of use of land cess
- Development impact exaction
- Development charges
- Users' charges

c. The various *alternatives to octroi* adopted by some states are:-

- Surcharge on sales tax - (U.P)
- Entry tax on goods, commodities and bus passengers (M.P)
- Progressive turnover tax (Rajasthan is considering)

d. **Non-Tax Sources:** The non-tax sources like remunerative and commercial projects are promising areas for revenue generation.

e. **Fiscal Transfers:** In the short run, it would be advisable to place maximum reliance on Assigned and Shared Taxes as in Kerala and Tamil Nadu. As a general purpose grant, grant-in-aid code could be evolved by the state governments on per head basis by relating the quantum of per head grant with size and resource endowments. In addition to this, capital grant will also have to be rationalised.

f. **Institutional Finance:** The municipal bodies now can take recourse to HUDCO, Infrastructure Leasing and Finance Corporation, NHB, LIC, and HDFC for loan.

g. **Private Sector Finance:** Some of the existing municipal functions like water supply, transport, electricity, collection and disposal of solid waste, and sanitation on the fringe areas could be privatised and contracted out.

h. **Effective Tax Administration:** This could be done by, among other things, by introducing a system of incentives for prompt payment and penalties for defaulting.

15. In the context of improving the **land delivery** situation, some practical and effective systems of land assembly like : (a) Land Pooling and Redistribution Scheme; (b) Transfer of Development Rights (TDR); and (c) Accommodation Reservations are recommended.

For providing **manpower** for urban plan formulation, implementation and review it is suggested that :

- (a) All local authorities in large cities should have an appropriate urban planning department. In this respect rational basic units of manpower requirement for urban local authorities in small and medium towns and large and metropolitan cities have also been evolved as a guide.
- (b) All medium and small towns should have at least a municipal planner to look after the various planning, approval and implementation functions including monitoring and review. If the local authority is unable to provide the appropriate planning department, the alternatives are as under :
 - (i) By pooling resources and forming an Association of Municipalities at state level and provide appropriate set-up for plan formulation, or
 - (ii) Award plan formulation work to consultants on consultancy basis.

Legislative Support

There is a need to revise the model Regional and Town Planning and Development Law to provide legislative support to the innovative suggestions contained in these UDPFI Guidelines as well as the implications of the 74th CAA. In Volume 2A, the revised Model Urban and Regional Planning Law has been provided. It incorporates:

- the role and functions of MPC, DPC and local authorities as provided under 74th CAA;
- the contents of plans and process of planning, approval, monitoring and review of plans of MPC, DPC and local authorities.
- innovative approaches to fiscal resource mobilisation, land assembly and private sector participation.
- people's participation in plan formulation and approval including provision for a public meeting to explain highlights of the Development Plan.

Suggested changes in the Town Planning Acts of Maharashtra and Gujarat as a consequence to these guidelines and Model Law (Revised) have also been provided in Volume 2B and 2C respectively.

Further Actions

19. The suggested further actions include:
 - a. calling a meeting of Secretaries of Urban Development and State Chief Town Planners/Director Town Planning followed by a meeting of Ministers of Urban Affairs and Local Self Government for adaption of UDPFI Guidelines by the States.
 - b. Mechanism for procurement of base maps
 - c. Central assistance by Planning Commission during the 9th and 10th Five Year Plans to local authorities to provide initial fiscal support in formulation of urban Perspective and Development Plans .
 - d. Establishment of Urban and Regional Information System and
 - e. Identification of Manpower Development Needs