



Financing and Monitoring Urban Water Supply and Sanitation in Maharashtra

CEPT University

August 2011

FINANCING AND MONITORING
URBAN WATER SUPPLY AND SANITATION IN MAHARASHTRA

CEPT UNIVERSITY

AUGUST 2011

Contents

Abbreviations	
Acknowledgement	
Executive Summary	
1. Introduction	23
1.1. Population Trends	23
1.2. Income, Poverty and Slums	25
1.3. Urban Water Supply and Sanitation Sector Status – Interstate comparisons	27
2. Assessment of Sector Finance	33
2.1. Volume and Main Sources of UWSS Sector Finance	34
2.2. Priority of Urban and UWSS Funding in State and Urban Development	36
2.3. An overview of Urban Sector Programmes	39
2.4. Devolution and Allocation Principles	41
2.5. Sustainability and Local Absorption Capacity	58
2.6. Measures to Strengthen Sector Finance Arrangements	63
3. Sector Monitoring Arrangements	67
3.1. Institutional and Fund Flow Arrangements for Urban/UWSS Sector in Maharashtra	67
3.2. Sector Monitoring in Maharashtra	70
3.3. Dissemination of Sector Information by Government of Maharashtra and ULBs	80
3.4. Management Systems and Institutionalisation for Monitoring	83
3.5. Measures to Strengthen UWSS Sector Monitoring	85
References	88
Annexures	96

List of Tables

Table 1.1: Projected Urban Population for Selected States in India	24
Table 1.2: Distribution of Urban Population in Different Classes of ULBs in Maharashtra	25
Table 1.3: Share of Slum Population by Type of ULB in Maharashtra, 2009	27
Table 1.4: Access to Piped Water Supply in Indian States (% urban population), 2001	28
Table 1.5: Percent Households with Improved Water Supply – 2005-06	28
Table 1.6: Main Source of Drinking Water (% of households)	29
Table 1.7: Access to toilets in Indian states (% urban population), 2001	30
Table 1.8: Access to toilets within premises for slums versus other areas (% households), 2002	30
Table 1.9: Access to sewerage facilities in large states, 2000	31
Table 1.10: Garbage Collection and Disposal Arrangements	32
Table 2.1: Estimated UWSS Sector Investment Finance in Maharashtra and Main Sources (%)	35
Table 2.2: Priority of Urban Sector and Devolution in State Budget and Finances, 2005-12	37
Table 2.3: Priority of UWSS, 2005-12	38
Table 2.4: Chronological Overview of Urban Sector Programmes of different Departments	40
Table 2.5: Formula based Devolution for Central and State Grants (Rs. in Million)	43
Table 2.6: Conditions on the Purpose and Use of Grants and Schemes	46
Table 2.7: UWSS Share in Partially Tied Funding	47
Table 2.8: Fund Utilisation by Municipal Corporations versus Municipalities	48
Table 2.9: ULB Capital Expenditure versus Transfers	48
Table 2.10: Resource Mobilisation by ULBs (Rs. in Billion)	49
Table 2.11: Mandatory and Optional Reforms under JNNURM and UIDSSMT	49
Table 2.12: Extent of Reform Linked Funding	50
Table 2.13: Reforms under Government of Maharashtra's MSNA Programme	52
Table 2.14: Selected Programmes/Schemes for the Urban Poor with Possible UWSS Funding (Rs. in Million)	54
Table 2.15: Share of Municipal Corporations versus Municipalities in UWSS Finance, 2005-11 (%)	57

Table 2.16: Sources of UWSS Finance for Municipal Corporations versus Municipalities, 2005-11 (%)	58
Table 2.17: Requirements and Gaps in Meeting O&M Expenditures for UWSS Sector – 2009	60
Table 2.18: Municipal own revenue to total revenue (%)	61
Table 2.19: Availability of Human Resources for UWSS among ULBs	62
Table 3.1: Estimated UWSS Sector Resource Flows by Departments – 2009-10 (Rs. in Billion)	68
Table 3.2: Monitoring Process for MSNA	79
Table 3.3: Status of ULB Websites in Maharashtra	82
Table 3.4: Details of Information Posted on Municipal Corporation Websites	83

List of Figures

Figure 1.1: Trends in Urbanisation in Selected States in India	24
Figure 1.2: Location of Urban Local Bodies in Maharashtra	25
Figure 1.3: Trends in Urban Poverty in Selected States in India	26
Figure 1.4: Share of Slum Population in Selected States in India, 2001	27
Figure 1.5: Trends in Access to Improved Drinking Water Supply Source by Urban Households	29
Figure 1.6: Percent of Urban Households with Type of Sanitation Facility - 2005-06	30
Figure 1.7: Access to Improved Toilets by Urban Households	31
Figure 2.1: Trends in UWSS Sector Finance 2005-11	35
Figure 2.2: Sources of Funds for UWSS	36
Figure 2.3: UWSS Fund Flow in State Budget (2009-10) (Rs. in Billion)	38
Figure 2.4: Conditions on Use of Grant and Scheme Funds	45
Figure 2.5: UWSS Share in Partially Tied Funding	47
Figure 2.6: Extent of Funds Earmarked for the Poor	53
Figure 3.1: UWSS Fund Flow Arrangements (2009-10) (Rs. in Billion)	69

Abbreviations

AIILSG	All India Institute of Local Self-Government
ARD	Assistant Regional Director
BOD	Biological Oxygen Demand
BPMC	Bombay Provincial Municipal Corporation Act
BSUP	Basic Services for Urban Poor
CAA	Constitution Amendment Act
CAG	Comptroller and Auditor General
CDP	City Development Plan
CEO	Chief Executive Officer
CFC	Central Finance Commission
CIDCO	City and Industrial Development Corporation of Maharashtra Ltd.
CMU	Change Management Unit
CPCB	Central Pollution Control Board
CPDM	Central Planning, Design and Monitoring Cell
CPHEEO	Central Public Health and Environmental Engineering Organisation
CRC	Central Review Committee
CSS	Centrally Sponsored Scheme
DC	District Collector
DCR	Development Control Regulations
DES	Directorate of Economics and Statistics
DLHS	District Level Household and Facility Survey
DMA	Directorate of Municipal Administration
DoF	Department of Finance
DoM	Directorate of Municipalities
DPO	District Project Officer
DPR	Detailed Project Report DSS Decision Support System
EWS	Economically Weaker Section
FC	Finance Commission
GDP	Gross Domestic Product
GIA	Grant- In-Aid
GIS	Geographic Information System
GoM	Government of Maharashtra
GoI	Government of India
GR	Government Resolution
GRM	Grievance Redressal Mechanism
GSDP	Gross State Domestic Product

Abbreviations

HPEC	High Powered Expert Committee
IEC	Information, Education and Communication
IHSDP	Integrated Housing and Slum Development Programme
ILCS	Integrated Low Cost Sanitation
IT	Information technology
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LIG	Lower Income Group
LPCD	Litres Per Capita Per Day
KPI	Key Performance Indicators
KDMC	Kalyan Dombivli Municipal Corporation
M&E	Monitoring and Evaluation
MC	Municipal Corporation
MCGM	Municipal Corporation of Greater Mumbai
MHADA	Maharashtra Housing and Area Development Authority
MHUPA	Ministry of Housing and Urban Poverty Alleviation
MIG	Middle Income Group
MIS	Management Information System
MJP	Maharashtra Jeevan Pradhikaran
MLD	Million Litres per Day
MMRDA	Mumbai Metropolitan Region Development Authority
Mn	Million
MoA	Memorandum of Agreement
MoF	Ministry of Finance
MoUD	Ministry of Urban Development
MPLADS	Member of Parliament Local Area Development Scheme
MSFC	Maharashtra State Finance Commission
MSNA	Maharashtra Sujal Nirmal Abhiyan
MSJNMA	Maharashtra Swarna Jayanti Nagarothan Maha Abhiyan
MSWM	Municipal Solid Waste Management
MUIDCL	Maharashtra Urban Infrastructure Development Company Ltd.
MUIF	Maharashtra Urban Infrastructure Fund
MUIP	Maharashtra Urban Infrastructure Project
MUINFRA	Maharashtra Urban Infrastructure Development Company Ltd.
NAVSY	Nagari Adivasi Vasti Sudhar Yojana
NBO	National Buildings Organisation
NCAER	National Council for Applied Economic Research

Abbreviations

NFHS	National Family Health Survey
NGO	Non-governmental Organisation
NIUA	National Institute of Urban Affairs
NP	Nagar Panchayat
NRW	Non-revenue Water
NSDP	National Slum Development Programme
NSSO	National Sample Survey Office
O&M	Operation and Maintenance
ODF	Open Defecation Free
ORS	Online Reporting System
PAS	Performance Assessment System
PDL	Public Disclosure Law
PPP	Public Private Partnership
PRI	Panchayati Raj Institution
PWD	Public Works Department
QPR	Quarterly Progress Report
RAY	Rajiv Awas Yojana
RG	Registrar General
RTI	Right to Information
SDO	Sub Divisional Officer
SFC	State Finance Commission
SGNSA	Sant Gadgebaba Nagari Swachhata Abhiyan
SJSRY	Swarna Jayanti Shahari Rozgar Yojana
SLB	Service Level Benchmarking
SLSC	State Level Steering Committee
SLNA	State Level Nodal Agency
STP	Sewage Treatment Plant
SWM	Solid Waste Management
TCPO	Town and Country Planning Organisation
TISS	Tata Institute of Social Sciences
TPM	Third Party Monitoring
UDD	Urban Development Department
UDP	Urban Development Programme
UGD	Under Ground Drainage
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns
ULB	Urban Local Body

Abbreviations

UNDP	United Nations Development Programme
URSU	Urban Reforms Sector Unit
UWSS	Urban Water Supply and Sanitation
VAMBAY	Valmiki Ambedkar Awas Yojna
VGf	Viability Gap Funding
WSS	Water Supply and Sanitation
WSSD	Water Supply and Sanitation Department

Acknowledgements

The Performance Assessment System (PAS) Project aims at developing systems for measurement, monitoring and improvement of urban water supply and sanitation (UWSS) performance in Gujarat and Maharashtra. This report is an assessment of the funding and monitoring arrangements of the UWSS sector in Maharashtra.

In preparing this assessment, we have relied significantly on discussions with various government officials and the data and information that they have shared with our team. We have benefited greatly from the insights provided by them in these meetings. We have also drawn on the budget documents and other relevant reports that are available in the public domain. It is important to note that the Government of Maharashtra and several urban local bodies in the state follow open dissemination and make available many reports on their websites.

The work on this review and baseline assessment was carried out by a team led by Meera Mehta and Dinesh Mehta and included Saswati Beliappa and Dhruv Bhavsar.

Meera Mehta
*CEPT University,
Ahmedabad, India*

Dinesh Mehta
*CEPT University
Ahmedabad, India*

Executive Summary

This paper describes finance and monitoring of urban water supply and sanitation (UWSS) in Maharashtra. It assesses the flow of funds in UWSS sector and the associated monitoring framework within the larger context of the urban sector. Urban water supply and sanitation services in Maharashtra are provided by urban local bodies (ULBs), though capital investments for the sector largely flow from the Government of India (GoI) and Government of Maharashtra (GoM).

Maharashtra is one of the most urbanised states in India, with urban population growing at an accelerated pace in recent years. The urban population of Maharashtra was 41 million in 2001 of which about 71 per cent (28.89 million) resided in its 22 municipal corporations. Maharashtra has seen significant growth in income in the past few years. It is the richest state in India, contributing 15 per cent of the country's industrial output and 13.2 per cent of its gross domestic product (GDP) in 2005-06. Mumbai and Nagpur, the two main cities in Maharashtra figure prominently among the top cities in India in terms of growth and average per capita income. Despite the rise in income, Maharashtra has not fared very well in the arena of urban poverty reduction. From a poverty level of 44 per cent in 1973-74, the share of urban poor to total urban population in the state declined to 32 per cent in 2004-05, higher than the all India figure of 28 per cent. The high share of urban population residing in slums (34.8 per cent) also reflects the higher poverty level in the state.

Levels of access to water supply in urban Maharashtra are higher than the national average: as per Census 2001, about 91 per cent of urban population in Maharashtra had access to piped water supply, exceeding the national average by almost 20 per cent. The state ranked among the first three states in India in terms of access to the service. National Sample Survey Office (NSSO) 2002 data on the situation in urban slums reveals that access to improved sources of water supply is reported by 94 per cent slum population in the state, which is higher than the national average of 80 per cent. However, with regard to sanitation access, urban Maharashtra has underperformed in comparison with other states in India. NSSO reports access to toilets at 57 per cent households in urban Maharashtra for 2002, below the all India level of 63 per cent. Maharashtra fares better than the overall average for India with regard to availability of garbage disposal arrangements in slums and non-slum/other areas.

A. Assessment of Sector Finance

The UWSS sector finance is reviewed within the overall context of decentralisation in the state. The responsibility for ensuring services for water supply, sanitation and solid waste management in Maharashtra lies with ULBs. However, in view of the wide variation in capacities of ULBs, the state government sets service delivery standards and provides ULBs the choice of building and/or operating systems within their areas of jurisdiction either by themselves or by state agencies. The latter is more common, in which case, costs are charged to ULBs. Thus, a majority of government aided water supply and sewerage schemes are executed by Maharashtra Jeevan Pradhikaran (MJP) and handed over to the concerned ULB for day-to-day operations and maintenance (O&M), on completion. Though higher levels of government provide a significant proportion of funds for capital investments in the sector, provision of funds for O&M falls within the purview of ULBs. Sources of public funds in the sector include all three tiers of government – central, state and local. User finance in form of user and connection charges is paid to ULBs for service provision. While there is almost no private investment in the sector, there is some commercial funding through loans from banks and financial institutions. Municipal finance data reported in Economic Survey, Government of Maharashtra (GoM) 2005-08 reveals that on an average, debt servicing and extraordinary expenditure

account for 8-10 per cent of the total expenditure of ULBs per annum. Separate information on ULB level debt as well as that on debt servicing for UWSS investments at ULB level is not available.

Over the past six years, annual capital investment exclusively in the UWSS sector is estimated to have risen from around Rs. 3 billion to Rs. 35 billion, showing an unprecedented growth between 2005-06 to 2006-07, followed by an average increase of 39 per cent per annum in real terms, over the past four years. The share of central government in this funding is highest, averaging at 54 per cent over this period. Average capital investments for UWSS from central, state and ULB sources are in the range of Rs. 20 billion per annum. With capital investments of about Rs. 35.6 billion (based on budget documents of concerned departments of GoM) and O&M expenditure of Rs. 14.9 billion (based on data from Performance Assessment System (PAS) Project survey of ULBs), the total sector finance in 2009 is estimated at about Rs. 50.5 billion.

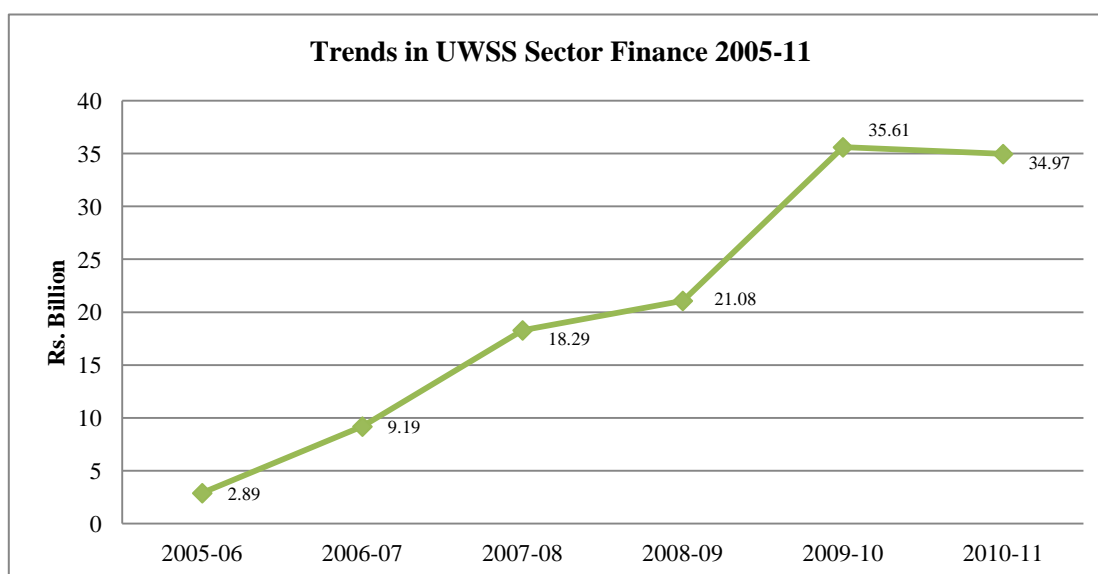
The three main sources of funds for sector investment finance in Maharashtra are: (a) *Central government funding* through: Central Finance Commission (CFC) grants, Centrally Sponsored Schemes (CSS), Member of Parliament Local Area Development (MPLAD) Scheme etc.; (b) *State government funding* through: transfers and grants-in-aid, various schemes and programmes of Urban Development Department (UDD), Water Supply and Sanitation Department (WSSD) and Housing Department, and state contribution in CSS; and (c) *ULB own finances*: mainly to meet ULB share of central/state schemes and mobilised through internal surplus and/or borrowing.

Estimated UWSS Sector Investment Finance in Maharashtra and Main Sources (%)

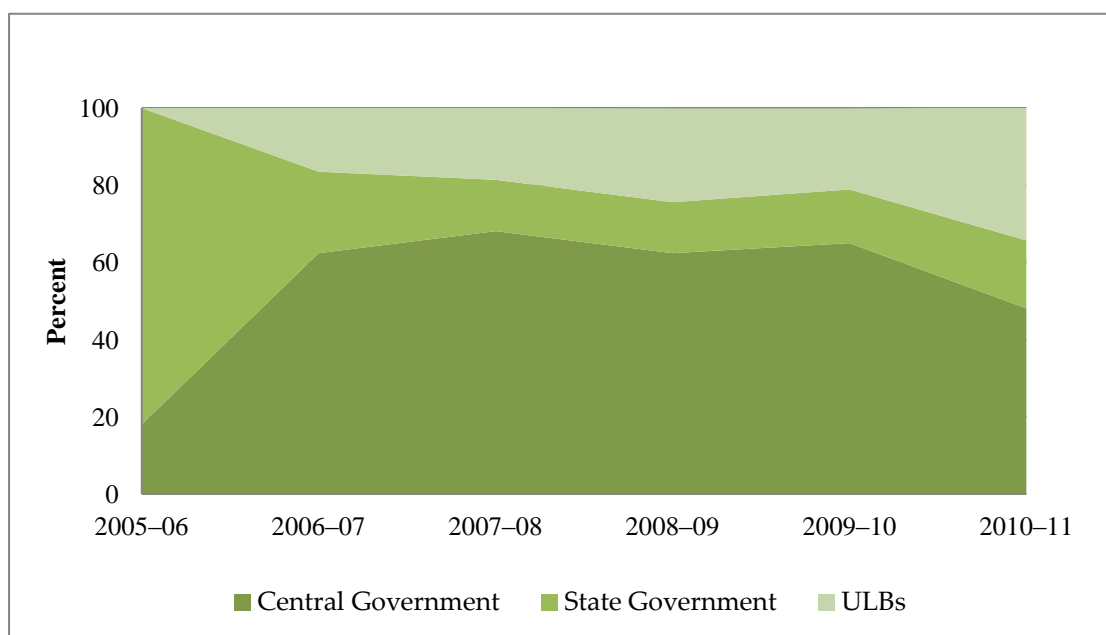
Source of Fund	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Average/ Annum
	Actual	Actual	Actual	Actual	Actual	Rev Est	
Investment Finance							
Central grants, centrally sponsored schemes (CSP), MPLAD Scheme grants	18.0	62.4	68.1	62.4	65.0	48.1	54.01
State grants, schemes and state share in CSPs	82.0	21.1	13.3	13.2	13.9	17.6	26.85
ULB share in funding	-	16.5	18.6	24.3	21.0	34.4	19.14
Total	100	100	100	100	100	100	
Total UWSS capital investments (Rs. in billion)	2.89	9.19	18.29	21.08	35.61	34.97	20.34

Source: Investment finance: refer Annex tables A2.2, A2.3 and A2.7 for details of sources.

Trends in UWSS Sector Finance 2005-11



Sources of Funds for UWSS



During the period 2009-10 to 2011-12, the share of UDD, WSSD and Housing Department in the total state budget has together averaged at about 6 per cent.¹ Of the total urban sector plan funding in Maharashtra, on an average, 51 per cent is estimated to have been used/allocated for UWSS over the past three years. On an average, UDD, WSSD and Housing Department funds devolved through different grants-in-aid and schemes to ULBs amounted to 10.3 per cent of the state's own revenue receipts over the past three years. This compares favourably with other states such as Karnataka and Tamil Nadu. While the central government contributes about 52 per cent of the capital investments in the sector, the state government contributes nearly 18 per cent. The estimated ULB share of about 30 per cent reflects the mandatory contribution in centrally sponsored schemes such as the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Urban Integrated Development of Small and Medium Towns (UIDSSMT) as well as reform-linked state schemes such as Maharashtra Sujal Nirmal

¹ Budget details of the Housing Department are not available for previous years.

Abhiyan (MSNA) and Nagarothan Scheme. It is evident that the share of ULBs in sector finance in Maharashtra is significant. Lack of consolidated data on municipal finance makes it difficult to assess the extent of utilisation of funds transferred to ULBs.

A.I An Overview of Urban Sector Programmes

Urban sector programmes in Maharashtra reflect the state's emerging policy emphasis. The state government's policy emphasis/funding under various programmes and schemes for poor launched in the 1990s, continues. The state was one of the first to successfully launch an incentive scheme for ULBs, Sant Gadgebaba Nagri Swachhata Abhiyan (SGNSA), focusing on their performance in sanitation service delivery. Government of India's JNNURM and UIDSSMT programmes, introduced in 2005-06, made the case for urban stronger. Seven cities in Maharashtra (Greater Mumbai, Kalyan-Dombivali, Nagpur, Nanded-Waghala, Nashik, Pune and Ulhasnagar), were covered under the JNNURM and another 86 towns covered under UIDSSMT, accounting for about 71 per cent of the state's urban population. The state government, on the occasion of the Golden Jubilee of Maharashtra state, introduced new programmes and revamped old schemes to reflect its progressive, reform-oriented outlook. Currently, the state's two major schemes in the urban/UWSS sector are Nagarothan Scheme and MSNA, both of which are linked to sector reforms. Urban poor schemes are fragmented with a large number of schemes under the three departments and disparate channels of fund/information flow. Greater efforts at consolidation of schemes and funding are required to improve linkages between investments and service delivery performance.

A.II Devolution and Allocation Principles

Urban sector funding takes place through a large number grants and schemes, with different criteria for devolution or allocation of funds to sectors and ULBs. A major proportion of central funds are partially tied and over 70 per cent of state grants are untied, giving ULBs considerable flexibility over use. Central programme funds for JNNURM and UIDSSMT and state programme funds for Nagarothan and MSNA are linked to reforms. About 36 per cent of the total devolutions to ULBs in the state are earmarked for UWSS and the urban poor. While central and state finance commission grants are by and large formula based, for 13th Finance Commission grants, a combination of formula-based allocation and ULB's readiness for implementation, i.e., project preparation, is employed. Most grants and schemes require preparation of project proposals and a host of approvals and reports.

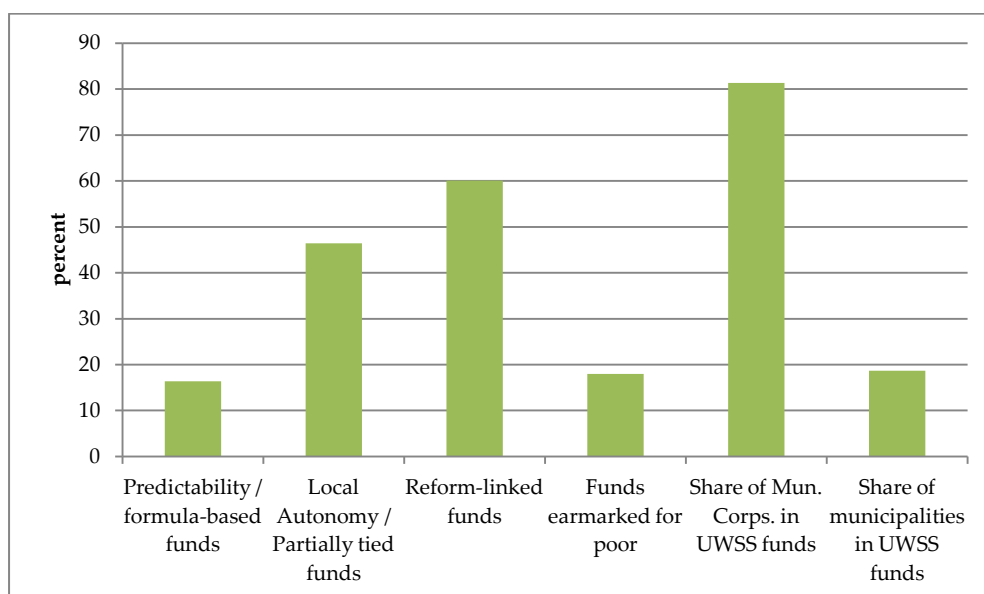
A.III Fiscal Decentralisation

Five dimensions of fiscal decentralisation which affect delivery of UWSS services are identified:

Dimension of fiscal decentralisation (2009-10)	Central Government Funds	State Government Funds	Total Urban Development Funds
Predictability			
(% share of formula based to total funds)	11.4	23.6	16.4
Local Autonomy			
(% share of untied funds in Finance Commission grants)	0.0	71.96	9.62
(% share of partially tied funds to total funds)	62.8	9.3	46.4
Reforms linked			
(% share of reform linked funds to total funds)	82.5	10.3	60.1
Earmarking			
(% of total funds earmarked for the poor)	22.8	7.5	18.0
Horizontal equity			
(% share of municipal corporations in funds earmarked by ULB type)	83.0	73.4	81.28
(% share of municipalities in funds earmarked by ULB type)	17.0	26.6	18.72

*Note: The share of untied grants in CFC grants under central funds and in State Finance Commission (SFC) grants under state funds is considered.

Dimensions of Fiscal Decentralisation (2009-10)



a. *Predictability in local funding*: Formula-based funding from central and state government (CFC and SFC grants) comprised about 16 per cent of total funds, i.e., plan and non-plan grant and scheme funds, devolved in the period 2005-12 in Maharashtra. The remaining plan funds are determined on the basis of proposals prepared by ULBs. The practice of announcement of sanctioned amounts per ULB for a few such funds e.g. Nagarothan Scheme and Nagari Adivasi Vasti Sudhar Yojana through Government Resolutions (GR) has been initiated by Government of Maharashtra (GoM). This practice of announcement through GRs has increased transparency, however at present, no pattern or cycle for such announcements appears to be followed. Regularity of such announcements could greatly enhance predictability in funding.

b. *Local autonomy and capacity in the use of funds*: About 24 per cent of total (plan and non-plan grant and scheme funds) state funds and 11 per cent of total central funds are formula-based, accounting for 16 per cent of formula-based funding. On the other hand, if non-plan funds are considered separately, a majority of non-plan SFC grants (72 per cent) accruing to ULBs are formula-based and untied. ULBs have the freedom to use these for any purpose required. Of the total plan funds, about 46 per cent comprises partially tied funding. Fully tied funds for UWSS and urban poor comprise almost 36 per cent of total plan funds. All tied funding places considerable emphasis on preparation of project proposals. Project preparation requires considerable capacity among ULBs, which at present, is largely confined to the municipal corporations in the state. In recognition of this, GoM has created a support mechanism for project preparation through Maharashtra Urban Infrastructure Development Company Ltd. (MUIINFRA). Lack of capacity of the smaller ULBs translates into low utilisation of funds transferred. As per municipal finance data in the Report of the 13th Finance Commission, average utilisation of about 45 per cent is reported by municipalities in the period 2005-08. On the other hand, municipal corporations have reported average fund utilisation of 200 per cent in the same period, pointing to their resource mobilisation/fund utilisation capacities. Better tracking of funds through regular management information system (MIS) backed implementation monitoring and technical support is required.

c. *Use of funds as incentive for reforms*: Urban development funding in India is increasingly being linked to sector reforms. A major proportion of central funds in the urban sector are linked to reforms, mainly related to governance and municipal finance. GoM has introduced reform linked funding in

its programmes like MSNA and Nagrothan. About 10 per cent of state finance in the urban sector is reform-linked. In all, about 60 per cent of urban sector funds in Maharashtra are tied to reform implementation. However, actual experience with implementation of reforms needs to be better assessed. It would be worthwhile to explore the possibility of linking the performance monitoring/reporting systems of GoM's reward/incentive scheme - SGBA and GoI's Service Level Benchmarking (SLB) initiative, which has performance indicators for development of decision-support tools for reform-linked funding.² The PAS³ being developed in the state provides an opportunity for this.

d. *Earmarking funds for the poor:* JNNURM requires ULBs to institutionalise "internal earmarking of budgets specifically for basic services to the poor" with a recommended norm of 25 per cent of ULB budgets. GoM has stated that "25% of total budget amount of urban local body should be earmarked towards Basic Services to Urban Poor.. (this is to) be achieved during the mission period.⁴ However, no specific policy has been issued in response to JNNURM reform requirement. An earlier provision under Section 63(2): 2(a) of the Bombay Provincial Municipal Corporation (BPMC) Act, 1949 requires municipal corporations to use 10 per cent of their own income for provision of basic facilities to the poor. For municipal councils, a circular issued by the Directorate of Municipal Administration (DMA) as early as 1988 requires 5 per cent of ULB income to be earmarked for economically weaker section (EWS) welfare. The share of funds for poor is higher in central funds (23 per cent) compared to state funds (7.5 per cent). ULB level allocations for the poor vary, depending on the policy directive followed.⁵ However, the overall trend in increased allocation for the poor suggests that if properly planned, there would probably be sufficient funds to provide basic service access to all the urban poor.

e. *Horizontal equity between municipal corporations and municipalities:* Government funding for larger cities/municipal corporations has been significantly higher than that for municipal councils. This imbalance in funding becomes even more apparent when viewed against the population share of municipal corporations and councils. As part of central programmes and grants in the last four years, on an average, 91 per cent funds have been earmarked for municipal corporations – considerably higher than their population share of 71 per cent, and only 9 per cent earmarked for municipalities against a population share of 29 per cent. Though average allocation by the state over the past four years for municipalities (30 per cent) is higher/similar to their population share, the overall share of municipalities in central and state funding for UWSS has declined steadily from about 30 per cent in 2005-06 to 6 per cent in 2010-11.

A.IV Sustainability and Local Absorption Capacity

Programme funding is often deemed unsustainable, partly because there is limited capacity among ULBs to execute projects and limited capacity to operate and maintain the service.

a. *Investment funding to meet state government targets:* With the MSNA programme and Vision 2020 of WSSD, GoM has set service delivery targets like ensuring 100 per cent access to water supply connections and safe and hygienic sanitation facilities at the door-step. Based on block cost norms derived from recent projects executed in Maharashtra, the investment required to meet service delivery targets/fill the backlog as of 2011 for water and wastewater is estimated at Rs. 161 billion. In addition, activities like water audit, energy audit, metering of water supply connections and identification of all consumers to help improve service delivery and financial viability and ensure

² Based on GoI (2009)

³ Based on CEPT University (2011)

⁴ As per a MHADA Report quoted in TISS (2009).

⁵ TISS (2009)

benchmark values are met have been initiated by GoM. These are estimated to require Rs. 25 billion, placing the total fund requirement to address the backlog up to 2011 at Rs. 187 billion. Annual allocations for UWSS over the past three years have averaged at Rs. 40 billion, of which Rs. 30 billion per annum is estimated to have been allocated for water supply and wastewater, with 80 per cent funds for these sectors coming from the central government. While the present water and wastewater infrastructure gaps can be met in about six years at present levels of funding, the needs of incremental population, estimated at about Rs. 11 billion per annum using average per capita investment cost norms defined by High Powered Expert Committee (HPEC), will not be met at this level of funding. Hence, in order to achieve its targets and keep pace with urbanisation, increased allocations, efforts at resource mobilisation, processes facilitating public private partnership (PPP) and review of norms and priorities e.g. sewerage versus decentralised wastewater management and fecal sludge management, are in order. Efforts such as Nagpur Municipal Corporation's privatisation of water production through a 15 year design, build, operate contract need to be initiated in other large ULBs, to reduce the burden on the exchequer.

b. *(In)Adequacy of O&M expenditures and recovery of O&M costs:* O&M expenditure is required to be fully met by ULBs themselves. Currently, O&M spends are abysmally low for all classes of ULBs: actual expenditure on O&M as percentage of required expenditure in 2009 was 29 per cent for municipal corporations and ranged between 23 to 44 per cent for municipalities. Under spending on O&M has serious implications for the quality of water and sanitation services, as it reduces the life of the asset and results in unsafe service. The O&M fund constraint is a major cause for concern. Bridging this gap shall be the key to overall sector performance in Maharashtra. The problem is compounded by the fact that present O&M expenditure is heavily dependent on transfers. Only about 47 per cent of O&M expenditure on water and wastewater is recovered through local taxes and charges. This is despite the fact that full recovery of O&M costs is an important local level mandatory reform under JNNURM. Systematic planning and appropriate tariff setting at ULB level would hold the key to achievement of this reform. GoM has initiated the process of water charge revision by preparing guidelines for all ULBs for fixing minimum water charges. It is also promoting reduction of inefficiencies in service delivery. If the latter is achieved, it may be possible to significantly bring down the required increase in tariffs for full recovery of O&M costs.

c. *Human resource capacity among ULBs:* Apart from fiscal capacity, a key constraint to sustainability of services is human resource capacity of ULBs. The PAS survey in 2009 showed that municipal corporations have only 77 per cent of sanctioned staff for water and 63 per cent for sewerage, while Class A municipalities in Maharashtra have 85 per cent of sanctioned staff for water and sewerage. Class C municipalities report 110 per cent of sanctioned strength for water supply, pointing to possible inefficiencies in staffing for the sector. At an overall level, water supply and solid waste management are better staffed sub-sectors, while staffing in the wastewater sector is significantly lower than the sanctioned strength. Average technical staff availability per ULB is 13 for water, two for sewerage and three for solid waste management, pointing to the need to pay greater attention to staffing for sewerage and solid waste management sectors. While UDD has made efforts to create municipal cadres, in the absence of linked data on staff and ULB performance, it is difficult to assess the impact of this step on municipal service delivery. GoM has also created a facility with MUIINFRA to support project development and implementation by ULBs through recruitment of empanelled consultants as well as funding for project development.

d. *Structural reforms for performance incentives for staff:* Incentives to staff for improved performance are increasingly recognised as key to ULB performance. GoM has taken significant steps for human resource development by creation of municipal cadres, adoption of rules for recruitment and qualifications, implementation of Sixth Pay Commission recommendations for pay, dearness allowance and pensions to municipal staff. It would be worthwhile to refer to the staff performance

assessment systems linked to Results Framework Documents for some central ministries, to establish similar linkages between staff and ULB performance.

In addition to these measures, it would be useful to also explore operational independence for water and sewerage services for some of the larger municipal corporations. For example, in recent years, Municipal Corporation of Greater Mumbai (MCGM) has sought to explore operational independence for its water supply and sewerage services, in line with its municipal undertaking for bus transport and electricity. Nagpur Municipal Corporation on the other hand, has formed a separate company called Nagpur Environmental Services Limited (NECL) and transferred 427 employees from its Water Works Department to the company with the objective of achieving 24x7 water supply by bringing in efficiencies associated with the private sector. While doing this, however, it would be good to assess performance of such utilities in India, which have less autonomy in staff recruitment, remuneration and procurement and which are considered important in the more successful utilities in Africa and Asia.

A.V Measures to Strengthen Sector Finance Arrangements

There has been a significant increase in availability of finance for urban infrastructure in Maharashtra in recent years. The state is heavily dependent on central funds for the sector. Increased allocations by the centre in the past were possible due to economic growth and related rise in public resources in the past. Continued funding for the sector by the centre will depend on similar considerations. While state budgetary allocations for the sector in recent years (2009-10 – 2011-12) have increased, the rise is largely observed due to state share in central programmes. Increased allocations by the state for the sector will be required in order to close the gap in infrastructure quickly and keep pace with urbanisation in the state. Besides, several issues other than investment funding will have to be dealt with to ensure improved service delivery. In particular, sustainability concerns for recurrent funding need to be addressed, along with a host of issues related to human resource capacity.

a. *Predictability and timeliness of transfers:* Only 16 per cent of funds are presently formula-linked and therefore predictable. There is a need to increase predictability of transfers to give ULBs a better idea of the likely availability of funds in the medium term and enable them to engage in more effective planning for UWSS on a citywide scale. With respect to timeliness, ever since electronic transfers to ULBs by DMA were made mandatory, timeliness of transfer of central funds to ULBs in the state, which comprise the bulk of UWSS investments, is reported to have improved.

b. *Need to promote responsible local borrowing:* Data reported in Economic Surveys of GoM for the years 2005-08 reveals that loans and deposits have grown from roughly 4 per cent of total receipts for municipal corporations in 2005-06 and 2006-07 to about 14 per cent in 2007-08. On the other hand, for municipalities, they have declined from about 9 per cent of total receipts in 2005-06 and 2006-07 to 6.6 per cent in 2007-08. Though the governing Acts in Maharashtra provide for borrowing by municipal corporations, there are no enabling legislations/guidelines for municipalities on debt and its management. The current practice of interception of transfers by the state for repayment of local loans (state guaranteed loans or open market borrowings) diminishes the responsibility of ULBs related to borrowing, as also predictability of transfer. Most of the existing ULB debt is believed to have been incurred in a system with less incentive to repay debt. The Tamil Nadu experience in debt management is worth looking at, in this regard. There is a need for processes and guidelines for enhanced resource mobilisation by ULBs.

c. *Effective and Uniform Earmarking for the poor across ULBs:* Maharashtra was one of the first states in India to introduce the practice of earmarking of funds for the poor (5 per cent of funds for EWS) in municipal budgets as early as 1988. Presently, as part of JNNURM reforms, the Ministry for Housing and Urban Poverty Alleviation (MoHUPA) recommended norm for internal earmarking for ULBs at

25 per cent of municipal budgets including funds from higher level governments. There is need for uniform policy on earmarking for poor. Presently, several JNNURM/UIDSSMT ULBs continue to cite the 1988 GR and earmark only 5 per cent of their funds for the poor, similar to non-Mission cities.⁶ A uniform state-wide policy on earmarking for the poor is clearly required in Maharashtra, as in Gujarat and Andhra Pradesh, where the policies of 20 per cent and 40 per cent internal earmarking of funds for poor respectively, are adopted.

In addition, there is need for consolidation of programmes for urban poor and UWSS, which presently follow several funding routes, leading to fragmented outcomes and parallel systems of monitoring and reporting.

d. *Technical support to smaller municipalities:* In order to ensure that higher infusion of capital into the sector does not result in unutilised funds, measures to support project development and implementation would be the key. GoM has created a municipal engineering cadre and defined technical staff requirements by ULB class. It has also introduced technical support in project preparation to ULBs by consultants empanelled through MUIINFRA. However, capacity building at local level may not be adequately addressed through this. The possibility of creating technical support centres and support enterprises in the form of local, small businesses to provide technical support to ULBs needs to be explored.

e. *Improving local capacity for sustainable O&M of new infrastructure:* A key constraint in delivery of water supply and sanitation (WSS) services by ULBs in Maharashtra has been inadequate attention to sustainability of operations. Basic data such as maps and asset profiles of infrastructure of most ULBs is not available. This makes it difficult to develop effective and efficient O&M strategies. Most ULBs fail to recover O&M expenditures through local taxes and fees. Addressing issues such as inadequate tariffs, low billing and collection rate, high level of illegal connections, water losses and inefficiencies in use of energy will require not just water and energy audits, but also bold steps to ensure that not only are better performing ULBs rewarded but non-performing ones penalised as well.

f. *Addressing data limitations related to sector finance:* Despite the high priority given to urban infrastructure, it is not easy to track allocations and expenditures for UWSS. There is a plethora of schemes and fund flows from various departments and government agencies. There is need for a system that consolidates financial information and outcomes of all schemes and programmes. This requires better tracking and reporting of expenditure by ULBs and a follow through to identify outputs, intermediate results and outcomes. At present, ULBs submit progress reports on each scheme separately to the funding agencies. A consolidation of such reports at ULB and state level is clearly needed.

B. Sector Monitoring Arrangements

A majority of funds for urban infrastructure are provided by central and state governments to ULBs. These funds are routed through various departments and agencies of the state government. Monitoring the use of these funds is a key component of programme implementation. Monitoring is also necessary to track commitments to various reforms that the state government and ULBs have made for availing funds under central government programmes like JNNURM, UIDSSMT and Integrated Low Cost Sanitation (ILCS) and various state government programmes.

⁶ TISS (2009)

B.I Institutional and Fund Flow Arrangements

The major proportion of UWSS finance in Maharashtra is routed through two departments of the State Government – the UDD and the WSSD. In addition, UWSS sector investments for the urban poor flow through the Housing Department. The MPLAD fund, which can be used for UWSS, is an exception, flowing through the District Collector’s office to ULBs.

B.II Urban Sector Monitoring in Maharashtra

Urban/UWSS sector monitoring in Maharashtra takes place in most part through modalities followed by (a) the DMA under the UDD and (b) the MJP under WSSD, as described below:

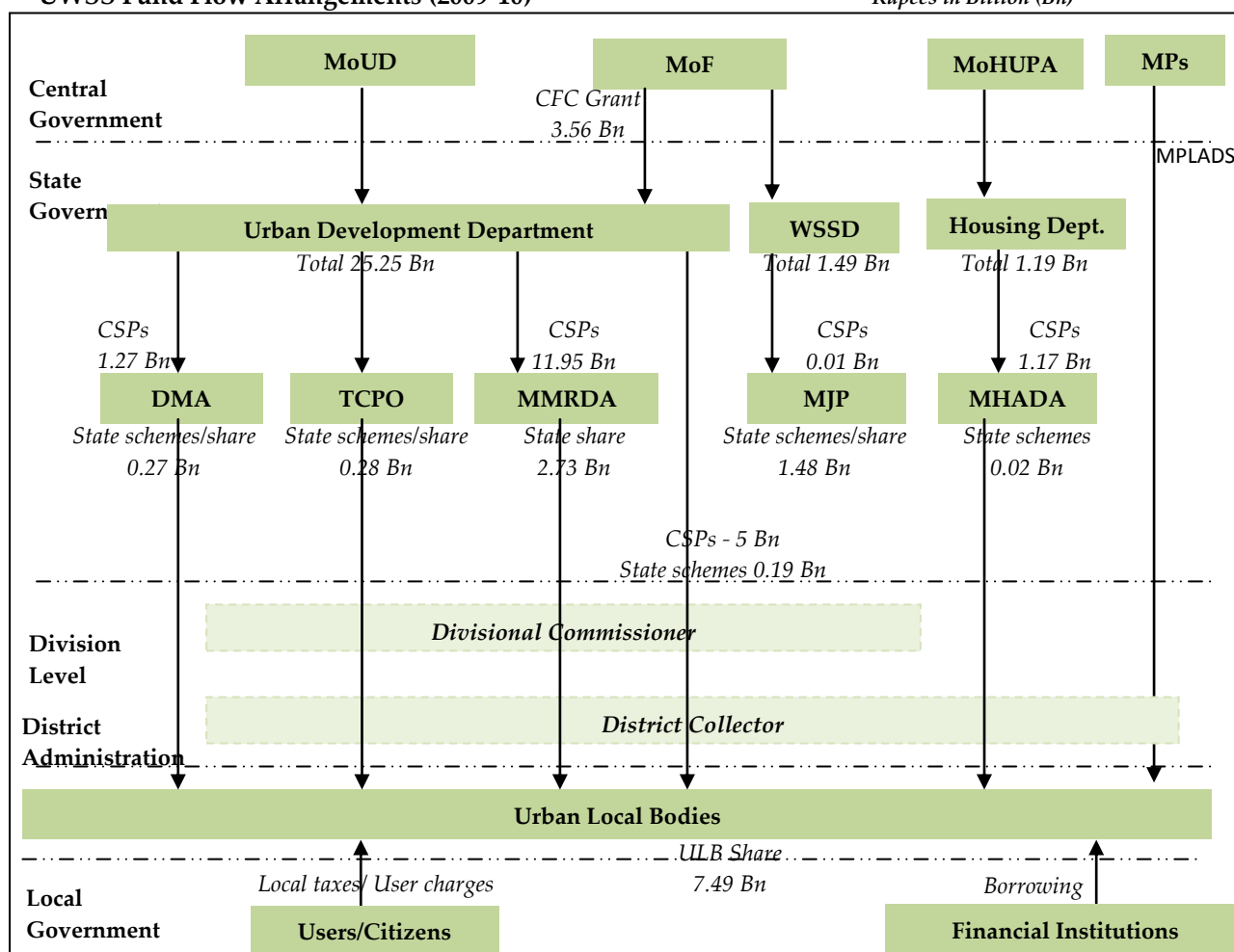
Monitoring by UDD/DMA: Monitoring by UDD follows the pattern of fund flow through its agencies like DMA, Town and Country Planning Organisation (TCPO) and Mumbai Metropolitan Region Development Authority (MMRDA). Monitoring by DMA, through which majority of UDD funds are channelised, involves a multi-tier reporting system comprising the Director, Municipal Administration at state level; Regional Directors at division level; and the District Collectors (DC), Assistant and Deputy Collectors at district level. Information is collected on a quarterly basis by the DC’s office, consolidated at division level and forwarded to Director, Municipal Administration and further to UDD and the Centre, as required. Monthly review meetings are conducted at district level and quarterly review meetings at division level.

Monitoring by WSSD/MJP: Fund flow to WSSD is from State Planning and Finance Department (for central and state funds) to WSSD to MJP to ULBs, and the reverse for monitoring/information flow, except in case of a few ULBs, where MJP undertakes the task of reporting on behalf of the ULB. The administrative set-up for monitoring within WSSD and MJP comprises the Urban Reforms Sector Unit (URSU) of WSSD, which monitors ULB reforms and receives reports directly from ULBs, and the Central Planning, Design and Monitoring Cell (CPDM) of MJP, which is responsible for preparation of Action Plans and monitoring and review of all data. In addition, different programmes/schemes have different institutional arrangements for monitoring.

Monitoring by Housing Department. Funds flow from the Housing Department to Maharashtra Housing and Area Development Authority (MHADA) to Regional Level Boards, which transfer the same to ULBs in the region. Monitoring, on the other hand, is centralised and is undertaken by the Central Office of MHADA, to which ULBs report directly.

UWSS Fund Flow Arrangements (2009-10)

Rupees in Billion (Bn)



Notes: DMA-Directorate of Municipal Administration; MHADA-Maharashtra Housing and Area Development Authority; MJP-Maharashtra Jeevan Pradhikaran; MoF-Ministry of Finance; MoHUPA-Ministry of Housing and Urban Poverty Alleviation; MoUD-Ministry of Urban Development; MPLAD-Member of Parliament Local Area Development; TCPO-Town and Country Planning Organisation; ULB-Urban Local Body.

Sector monitoring in Maharashtra: Good Practices, Issues

To sum up, urban sector monitoring in Maharashtra has several strengths. Maharashtra is among the few states in India where decentralised monitoring of ULBs is institutionalised, third party audit of schemes is mandatory and physical verification of works undertaken. Other states are beginning to introduce such processes now. At the same time, urban/UWSS sector monitoring in the state is beset with the following issues that need to be addressed:

- Fragmentation of programmes and finance flows across several departments and their agencies;
- No clear performance monitoring for the sector despite attempts to introduce the same through MSNA and SGNSA type programmes;
- Complete lack of consolidated information on municipal finance, sector finance and monitoring, preventing a consolidated overview of the sector; and
- Very limited use of information technology (IT) systems for tracking of sector/even programme implementation, though this is now being attempted through the Kalyan Dombivli Municipal Corporation (KDMC) type software for all municipal corporations (MCs)/class A municipalities. The emphasis seems to be on complex systems rather than starting with simple systems and building them up over time.

B.III Information Dissemination

The past few years have seen increased emphasis on information dissemination to citizens by public agencies in response to the Right to Information (RTI) Act, 2005 and disclosure requirements of JNNURM.

a. *RTI-related dissemination efforts:* The Maharashtra Right to Information (MRTI) Act, 2002 passed before the central government's RTI Act of 2005, provides for right of access to information from public authorities by citizens. MJP's Online Reporting System posts ULB level data such as city profile and details of water supply and sewerage systems. Some basic information is available on UDD and WSSD websites, as well as websites of 20 per cent of ULBs having the same.

b. *Public disclosure requirements under JNNURM reforms:* Under JNNURM, the state government is required to enact a Public Disclosure Law (PDL). In response, GoM introduced the Maharashtra Municipal Corporations and Municipalities (Second Amendment) Act 2007, to include sections on disclosure. The Act makes it mandatory for ULBs to disclose information pertaining to the organisation structure of the ULB, contact details of the officers and employees, audited financial statements, particulars of master plans, city development plans (CDPs) and other plans, details of major services provided, details of all plans including proposed/actual expenditure, details on subsidy programmes, etc.

c. *Websites of ULBs:* Review of various websites of ULBs suggests that only 49 ULBs (20 per cent of total ULBs in the state) have their own websites. Information on water and sanitation is limited to consumer outreach, either for new water and sewerage connections or registration/redressal of complaints.

B.IV Management Systems and Institutionalisation for Monitoring

Programme implementation reporting requires tracking inputs (mainly funds) and physical outputs. It is difficult to track the flow of funds and their use. Preliminary estimates of capital expenditure on UWSS have been made in this study. At present, reporting takes place through two main systems:

(a) *Routine reporting:* Routine monthly reporting on UWSS is undertaken by ULBs for WSSD on aspects like water source, quantity supplied, tariff, recovery, O&M (chemical utilised, electricity consumed, O&M cost), deficit/surplus, number of properties versus number of connections, illegal connections, non-revenue water (NRW), energy bills, replacements undertaken, new purchases, billing and recovery, etc. Data entry formats are uniform and are uploaded to the database by MJP on a monthly basis. Information is received from ULBs in hard copy format

(b) *Reporting on Programmes:* There are a number of central and state programmes in the urban/UWSS sector – each with different reporting requirements, making reporting arrangements rather complex.

UDD has plans for a monitoring system for municipal services and has a mandate to develop such a system for Service Level Benchmarks. Thus, efforts at performance monitoring, as under the PAS Project, will need to be integrated with this.

B.V Measures to Strengthen UWSS Sector Monitoring

The analysis presented in this report highlights various efforts made by the GoM. At present, UDD/DMA lack a systematic, online monitoring and reporting system. While ULB inspection reports provide detailed information on ULB status, lack of human resources and MIS systems for consolidation/analysis of information at state level, hampers use of available information for decision-support. The online reporting system set up by MJP does not allow performance monitoring.

Monitoring can be improved if various databases are interconnected through an online management information system.

a. *Management information system*: UDD has identified the need to develop an MIS. For this, clarity on areas to be monitored and key indicators shall be important. It would also be necessary to link various databases to support monitoring and design online systems with regular updates.

b. *Need for systematic performance monitoring and decision-support system*: Presently, there is no system for online performance monitoring. The SLB initiative of GoI provides a nationally agreed set of UWSS indicators. Additional indicators for equity and non-sewered cities have been developed under the ongoing PAS Project. The monitoring system, comprising various databases and indicators for performance monitoring, provides a strong rationale for introducing decision support systems (DSS) tools to aid state-level financial allocation decisions. An annual performance report for the sector using key performance indicator (KPI) results could be prepared as a decision-support tool.

d. *Improving dissemination through state/ULB websites*: A quick review of dissemination efforts suggests that there is wide variation in content, information on UWSS is limited, a large number of websites are not regularly updated and mandatory disclosure by ULBs as per the Municipal Act of 2007 is not taking place. More details on the government's goals coupled with current performance status would possibly help highlight the state government's achievements in the sector. While the state is attempting to address these aspects through implementation of IT systems on the lines of KDMC as a "standardised and seamless" system as announced through its e-governance policy statement dated 13th January 2011, the complexities involved coupled with the need for enhanced staff capacities point to the need for a simplified approach that gradually builds up over time.

e. *Institutional strengthening and capacity building for monitoring*: The state's agencies have their own monitoring cells/desks for various funds/schemes/programmes, and often undertake reporting through their own staff owing to lack of capacity at ULB level. On the other hand, the UDD/DMA set-up is heavily reliant on the district/divisional administration for monitoring; much of the monitoring/reporting stops at the district/division level. Within the ULBs, monitoring of the sector is seen as reporting by ULBs to the state government. These reports are not used at ULB level for planning and budgeting. The DSS tools developed by PAS can help develop performance improvement plans. Capacity will need to be built for use of monitoring linked-DSS tools at state, division, district and ULB levels.

1. Introduction

This paper on sector finance and monitoring of urban basic services in Maharashtra provides an assessment of the situation at the start of the Performance Assessment System (PAS) Project being undertaken in Maharashtra. The basic services covered under the paper include water supply, wastewater, sanitation, and solid waste management. In Maharashtra, these services are being provided by the urban local bodies (ULBs) though investment funding has been largely provided by higher levels of government including Government of Maharashtra (GoM) and Government of India (GoI). Different sources of funds through inter-governmental transfers and special programmes are identified. The paper also assesses whether with the estimated financial flows, the Sector will be able to meet goals and targets set by GoI and GoM. It also points to the need to take into account other interventions beyond financial resources alone, particularly in the light of decentralisation and the apparent lack of capacity in smaller towns for implementing sector policy. It reviews sector information and monitoring system as one such key facilitating mechanism.

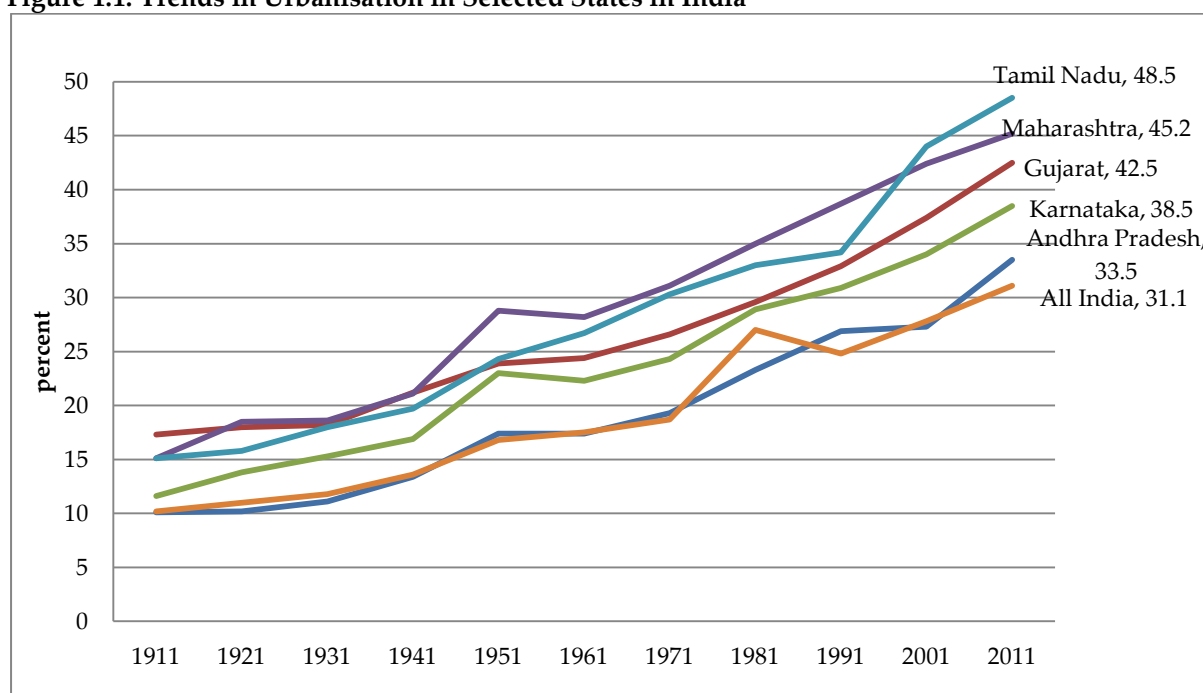
Information sources used in this analysis include secondary sources of information such as GoM Budgets, Annual Reports of Directorate of Municipal Administration (DMA), Maharashtra Housing and Area Development Authority (MHADA), project/programme progress reviews by Mumbai Metropolitan Regional Development Authority (MMRDA), MHADA; and information gathered from Urban Development Department (UDD), Water Supply and Sanitation Department (WSSD), and Maharashtra Jeevan Pradhikaran (MJP) etc. The description of monitoring systems is based on secondary sources of information as well as discussions with stakeholder agencies in Maharashtra.

Secondary data analysis (Census, National Family Health Survey (NFHS), District Level Household and Facility Survey (DLHS) and National Sample Survey Office (NSSO)) in this chapter shows that Maharashtra has done well with regard to poverty reduction and provision of water and sanitation services. These achievements of Maharashtra are compared with other states in India. The next chapter looks at the sources and volume of finance for the sector along with principles of allocation and use. It also highlights issues in sustainability of investments. The last chapter looks at arrangements for monitoring highlighting the need to introduce a sector performance monitoring system in the state.

1.1. Population Trends

Maharashtra is one of the most urbanised states in India. The urban population in the state has been growing at an accelerated pace in recent years. The share of urban population has grown from 15 per cent in 1911 to 45 per cent in 2011, recording a steady growth since 1991 (refer Figure 1.1). Average decadal growth rate for urban population in Maharashtra between 1981 and 2001 was as high as 39 per cent, which was higher than the national average. Between 2001-2011, the growth rate of urban population in Maharashtra stabilised at 23.67 per cent, lower than the national average of 31.8 percent. With an urban population of **50 million in 2011**, Maharashtra has the largest share of urban population among states in India, i.e., 13.5 per cent of the total urban population of the country.

Population projections by the Registrar General and Census Commissioner of India indicate that the level of urbanisation by 2026 for India is expected to be 38 per cent, and is expected to cross 60 per cent for Maharashtra. Census 2011 data reveals that urban population in the state already comprises 45 per cent of its total population in 2011.

Figure 1.1: Trends in Urbanisation in Selected States in India


Source: Various Census of India documents, 1991, 2001, 2011.

Table 1.1: Projected Urban Population for Selected States in India

State	% share of urban to total population		
	2001	2011	2026
Andhra Pradesh	27.3	33.5	34.0
Gujarat	37.4	42.5	53.0
Karnataka	34.0	38.5	49.3
Maharashtra	42.4	45.2	61.0
Tamil Nadu	44.0	48.5	74.8
All India	27.8	31.1	38.2

Sources and notes: 2001: Census of India 2001 and 2011: Census of India 2001; 2026: Based on projections reported in Registrar General and Census Commissioner (2006), Figure 12, p.xix.

Size-class distribution of urban areas in Maharashtra: In 2001⁷ nearly, 69 per cent (28.4 million) of the total urban population in Maharashtra resided in 22 cities classified as municipal corporations. This concentration of urban population increases to nearly 75 per cent if urban agglomerations around these cities are taken into account. Nearly 40 per cent of urban population of Maharashtra lives in the corporations of Mumbai Metropolitan Region (MMR).

Population growth across different categories of cities and ULBs also highlights the importance of larger cities. Much of the growth in the past has been in the Municipal Corporations (MCs) and this trend is expected to continue. In 2011, the share of the State's urban population in MCs was estimated to be 75.4 per cent. The smaller ULBs which are classified as municipalities and Nagar Panchayats (NPs) are divided into four categories based on their population size and local importance. Of these, the share of smaller Class A, B, C and NP towns was only 24.6 per cent of the total urban population in the state in 2011 (refer Table 1.2). However, in terms of numbers, the smaller towns represent nearly 90 per cent of total ULBs.

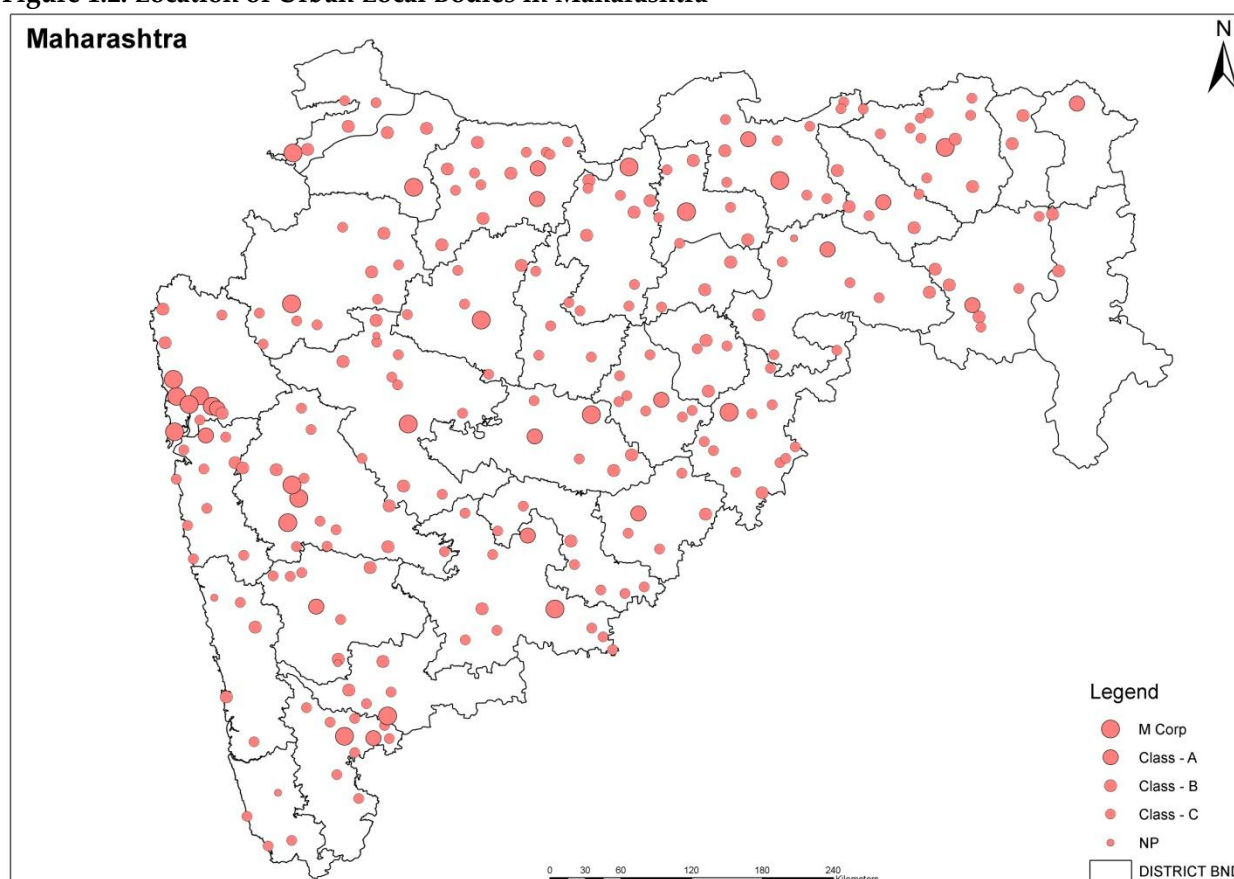
⁷ At the time of writing this report, this information for the year 2011 was not available.

Table 1.2: Distribution of Urban Population in Different Classes of ULBs in Maharashtra

Category of ULB	Number of ULBs	Total Population in 2001 (in million-mn)	% to total urban population	Total Population in 2011 (in million)	% to total urban population
Municipal Corporation (>300,000)	23	29,470,256	75.0	3,51,11,926	75.4
Municipalities					
Class A (100,001-300,000)	15	25,90,143	6.6	29,89,887	6.4
Class B (40,001 to 100,000)	59	36,28,070	9.2	42,38,261	9.1
Class C (<40,000)	145	34,82,946	8.9	40,29,066	8.6
Nagar Panchayat as per notification	6	1,26,366	0.3	2,11,416	0.5
Total	248	39,297,781	100.0	4,65,80,526	100

Sources and notes: 2001: Based on Census of India, 2001. It does not include the other 74 census towns with a population of 1.4 million which do not have urban local governments; 2011: projections using ratio method done in the PAS Project.

Figure 1.2: Location of Urban Local Bodies in Maharashtra



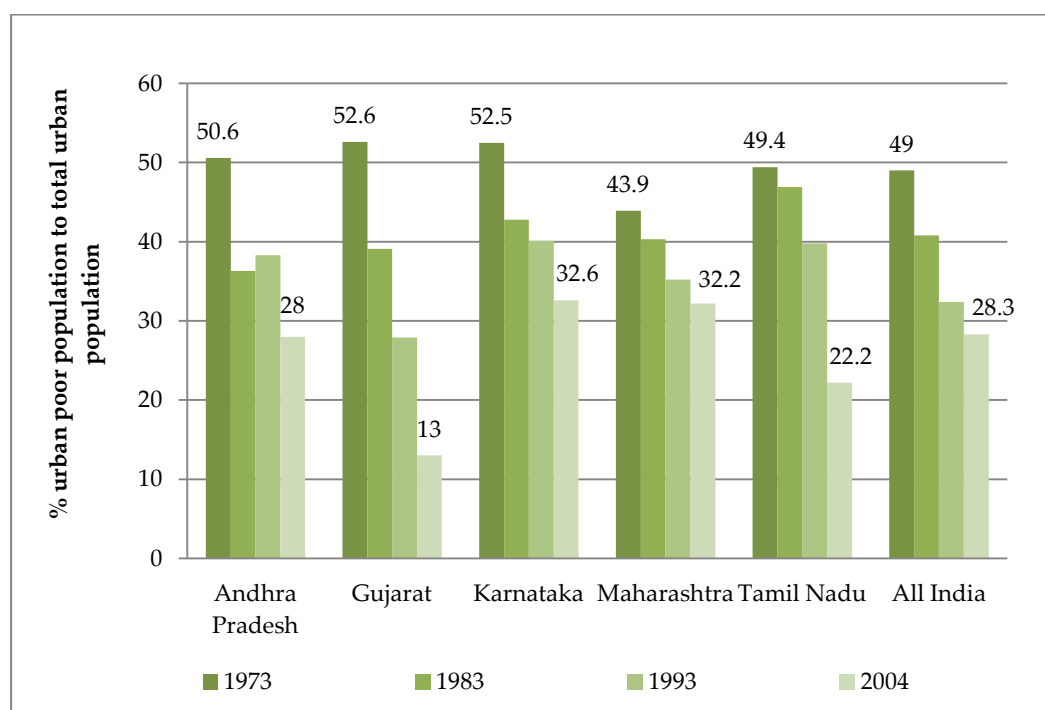
1.2. Income, Poverty and Slums

Maharashtra has seen significant growth in income in the past few years. It is seen as a “frontline performer state ever since the accelerated economic reforms began in India in 1991-92” It is the richest state in India, contributing 15 per cent of the country's industrial output and 13.2 per cent of its gross domestic product (GDP) in 2005-06.

Not only is the state prominent in economic growth, its cities are also among the ‘richest’ cities of India. Nagpur and Mumbai, the two main cities in Maharashtra figure prominently among the top cities in India in terms of growth and average income. Mumbai is the richest city in India in terms of average annual household income. The average annual household income of Mumbai is Rs 4,59,457. “After adjusting for cost of living, Nagpur is now the second richest city in India after Surat. Between 2004-05 and 2007-08 Nagpur’s middle class doubled in size and its low income category was reduced by a third.”⁸

In spite of the rise in income, Maharashtra has not been able to tackle urban poverty reduction well over the past decades. From a high poverty level in 1973-74 at 44 per cent, share of urban poor in total urban population has come down to only 32 per cent in 2004-05, which is higher than the all-India urban poverty level of 28 per cent (Figure 1.3). In particular, over the last decade, Maharashtra has under-performed in terms of urban poverty reduction in the state as compared to other major states of India.

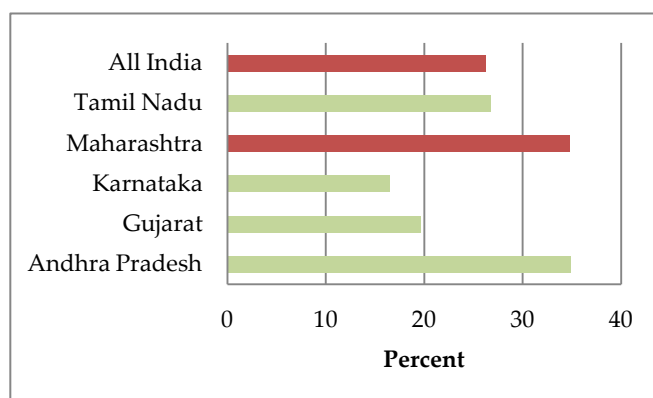
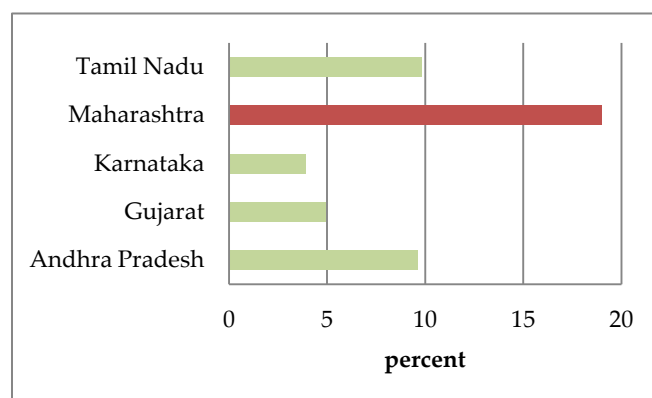
Figure 1.3: Trends in Urban Poverty in Selected States in India



Source: Planning Commission 1997 and 2007b, as reported in Ministry for Housing and Urban Poverty Alleviation (MoHUPA) and United Nations Development Programme (UNDP) (2009) Table 1.9, p. 10.

Slums in urban areas are seen as a manifestation of urban poverty. The high share of urban population (34.8 per cent) that resides in slums is a reflection of higher poverty level in the state, as compared to other urbanised states, other than Andhra Pradesh (Figure 1.4). Maharashtra has also reported the highest share of 19 per cent of India’s urban population residing in slums as compared to other urbanised states.

⁸ Based on a news report on NCAER (2008) as posted on <http://trendsniff.com/2008/09/16/targeting-top-20-growth-cities-in-india/>, downloaded on December 4, 2010.

Figure 1.4: Share of Slum Population in Selected States in India, 2001
Slum Population to State Urban Population

State Slum Population to Total Slum Population in India


Source: MoHUPA and National Buildings Organisations (NBO) (2010), Table 2B, p. 21

The estimation of slum population is based on a definition used by Census 2001. The definition included all notified slums, all areas recognised as “slums” by state/local government, which may not have been formally notified as slum under any Act, or a compact area of at least 300 population (or about 60-70 households) of ‘poorly built congested tenements, in unhygienic environment usually with inadequate infrastructure and lacking in proper sanitary and drinking water facility’. The NSSO for its 58th round survey in slums uses a similar definition, except that it considers a smaller, compact area of 20 households. Despite this, NSSO estimated slum population in India to be 14 per cent of urban population, much lower than the estimate of Census 2001. NSSO also estimated a very low proportion of urban slum dwellers in Maharashtra.

More recent estimates of slum population are not available from surveys conducted by government agencies. The PAS survey has estimated slum population to be about 27 per cent of the total urban population of Maharashtra in 2009 (Table 1.3).

Table 1.3: Share of Slum Population by Type of ULB in Maharashtra, 2009

Category of ULB	Number of ULBs	% population in slums to total urban population	Number of slum settlements	Average households per settlement
Municipal Corporation	23	30	4,780	487
Municipalities				
Class A (100,001-300,000)	15	31	580	335
Class B (40,001 to 100,000)	59	18	732	209
Class C (<40,000)	145	10	593	136
Nagar Panchayat as per	6	4	11	194
Total	248	27	6,696	412

Source: Based on data collected from round 1 survey of all ULBs in Maharashtra under the PAS Project at CEPT University.

1.3. Urban Water Supply and Sanitation Sector Status – Interstate comparisons

A review of sector status in Maharashtra and comparison with other states suggest that cities in Maharashtra have done better in all the sub-sectors of water supply, sewerage, sanitation and solid waste management. Information on access to these services and their quality is mainly available from

a number of different household surveys that have been done over the past decade starting with the household surveys done as part of the Census of India in 2001. In addition, surveys of slum and non-slum households were done by the NSSO in 2002. Results from the NFHS-3 are available for 2005 and from the DLHS for 2002 and 2007.⁹ Types of information about these services vary greatly across these different sources. To the extent possible, these are used to assess service levels in Maharashtra as compared to other large and highly urbanised states including Andhra Pradesh, Karnataka, Gujarat and Tamil Nadu.

Performance on Water Supply: Between 1981 and 1991, access to piped water in urban areas of the state had improved by about 18 per cent. By 2001, about 91 per cent of urban population in Maharashtra had access to piped water supply, exceeding the national average by almost 20 per cent and ranking among the first three states in India in terms of access to the service (Table 1.4). Based on a comparative assessment across states, Zerah (2006) also notes that Maharashtra is among the few states in India (other than Andhra Pradesh and Gujarat) that ensure a better delivery mode and better service standards in water supply.

Table 1.4: Access to Piped Water Supply in Indian States (% urban population), 2001

State	Access to Improved Water Supply
Andhra Pradesh	78.0
Gujarat	92.0
Karnataka	89.0
Maharashtra	92.0
Tamil Nadu	83.0
All India	68.0

Source: Census of India 2001.

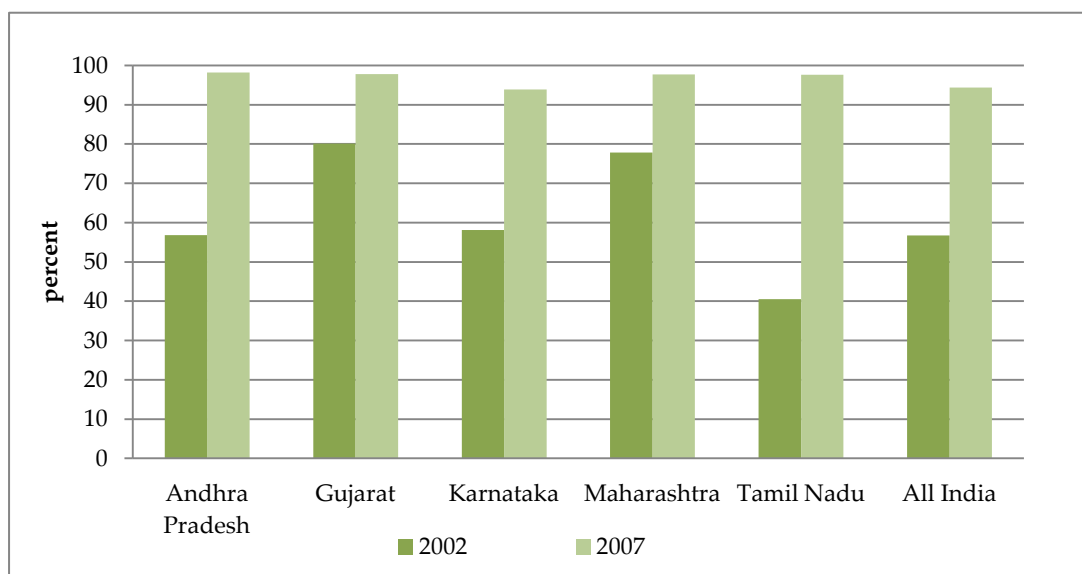
Information from NFHS for 2005 suggests that access to piped supply at household level was nearly 99 per cent, of which over 82 per cent had access through taps on their premises. Another 3 per cent had other on-premise sources. While about 14 per cent relied on public taps or standpipes, most such households required less than 30 minutes of time to fetch water. Data on access to improved sources from DLHS for 2002 and 2007 also shows good performance with nearly 98 per cent of households with access to improved sources by 2007, an increase of nearly 25 per cent over 5 years.

Table 1.5: Percent Households with Improved Water Supply – 2005-06

State	Improved water supply			Time to obtain water		
	Piped on premises	Public tap/standpipe	Others	On premises	Less than 30 minutes	More than 30 minutes
Andhra Pradesh	46.6	37.2	15.6	55	34	10.7
Gujarat	82.3	8.8	5.9	87.4	9.1	3
Karnataka	39.9	31.4	16.9	66	22.2	11.4
Maharashtra	81.3	14.2	3.6	86.9	10.5	2.4
Tamil Nadu	37.5	45.6	10.6	49.1	39.3	11.5
All India	50.7	20.3	24	70.5	22.4	6.9

Source: Analysis based on National Family Health Survey (NFHS-3) 2005-06

⁹ NSSO (2003), International Institute for Population Sciences (IIPS) and Macro International (2007); International Institute for Population Sciences (IIPS) (2006); International Institute for Population Sciences (IIPS) (2010).

Figure 1.5: Trends in Access to Improved Drinking Water Supply Source by Urban Households


Source: Based on District Level Household and Facility Survey (DLHS-2), 2002-04 and District Level Household and Facility Survey (DLHS-3), 2007-08.

The NSSO through its 58th round of surveys suggests that average access to improved sources in Maharashtra was 91 per cent in 2002. NSSO 2002 data also provides details of situations in slum areas where access to improved sources is 94 per cent in Maharashtra, higher than the national average of 80 per cent. Among slum households about 19 per cent reported that water is not available in sufficient quantities throughout the year, similar to the national average. More details of levels of on-premise service are not available separately for slum households.

Table 1.6: Main Source of Drinking Water (% of households)

State	Tap		Tube well/hand pump		Others	
	Non-slum	Slum	Non-slum	Slum	Non-slum	Slum
Gujarat	92	77	7	16	0.7	7.6
Maharashtra	91	94	6	3	2.9	3.3
Andhra Pradesh	79	77	10	14	10.8	9.0
Karnataka	89	79	6	21	4.9	0.2
Tamil Nadu	83	82	8	5	8.6	13.8
All-India	73	80	20	15	6.9	5.1

Source: NSSO, 2004. Table 29: Number of households by major source of drinking water per 1000 households

Sewerage and sanitation: Maharashtra does not fare well in comparison with other states in terms of access to toilets and sewerage facilities. Various household surveys provide information on access to toilets: while Census reports 53 per cent 'latrines within the house' in 2001 (Table 1.7); NSSO reports access to toilets by 57 per cent households in urban Maharashtra for 2002, below the all-India level of 63 per cent (Table 1.8); NFHS reports access to improved toilets for 49 per cent urban households, while another 37 per cent reportedly use shared toilet facilities (Figure 1.6); and DLHS reports 58 per cent households with access to improved toilet facilities, below the all-India level of 66 per cent (Figure 1.7). Notwithstanding the need for a system of co-ordination/cross-verification of data and

definitions across sources, Tables 1.7 to 1.8 and Figures 1.6 and 1.7 suggest that urban Maharashtra has underperformed in comparison with other states in India where sanitation access is concerned. NSSO also reports separately for slums and other areas. These differences as depicted in Table 1.8 suggest the relatively better situation in slums in the state in comparison with all-India averages, although at 18 per cent households without latrines in slums, the situation clearly needs improvement.

Table 1.7: Access to toilets in Indian states (% urban population), 2001

State	Access to Toilets within Premises
Andhra Pradesh	66.0
Gujarat	76.0
Karnataka	72.0
Maharashtra	53.0
Tamil Nadu	77.0
All India	63.0

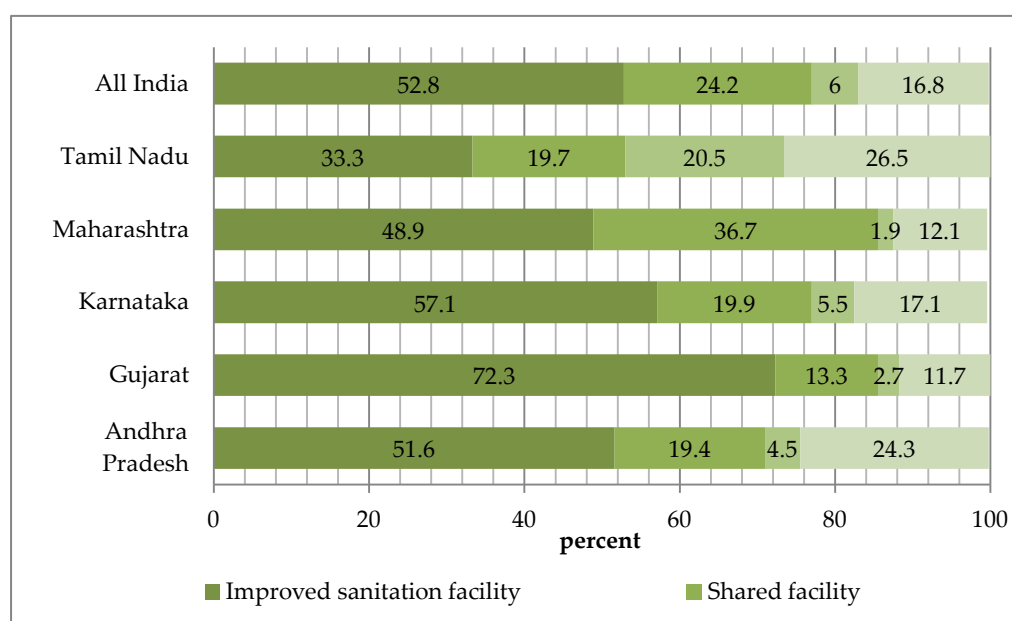
Source: Census of India 2001.

Table 1.8: Access to toilets within premises for slums versus other areas (% households), 2002

State	Slum and squatter		Other areas		All Urban	
	Owned/shared septic tank or flush	No latrine	Owned/shared septic tank or flush	No latrine	Owned/shared septic tank or flush	No latrine
Andhra Pradesh	55	37	77	15	73	20
Gujarat	46	31	84	6	83	7
Karnataka	30	40	60	18	58	20
Maharashtra	11	18	72	14	57	15
Tamil Nadu	37	41	72	21	70	22
All-India	27	32	68	16	63	18

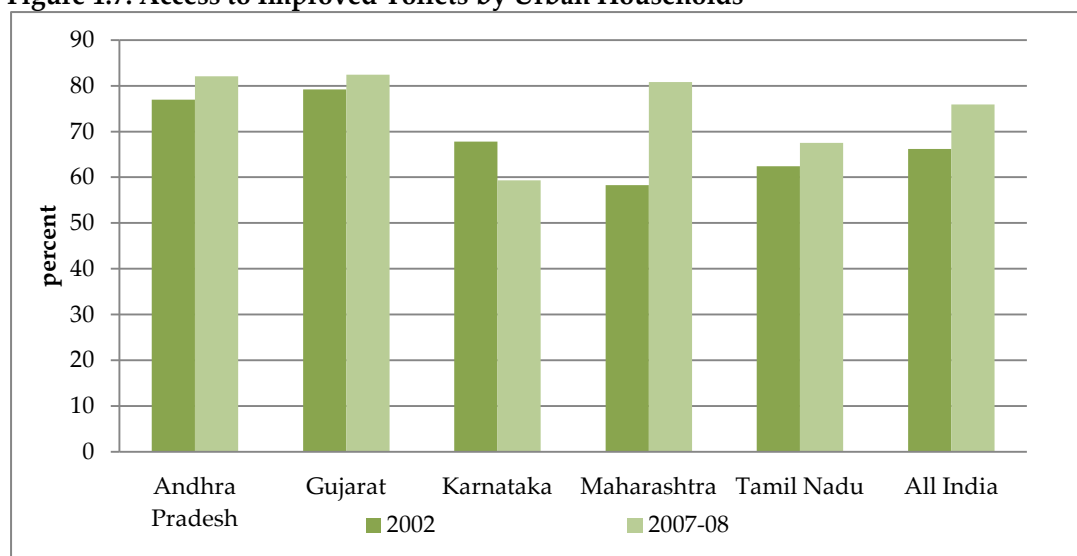
Source: NSSO Report No. 488 Housing Condition in India 2002, Housing Stock and Construction, March 2004

Figure 1.6: Percent of Urban Households with Type of Sanitation Facility - 2005-06



Source: Analysis based on NFHS-3 2005-06

Figure 1.7: Access to Improved Toilets by Urban Households



Source: Based on DLHS-2, 2002-04 and DLHS-3, 2007-08

Information on access to sewerage facilities is available only from a study undertaken by National Institute of Urban Affairs (NIUA) (2005) for about 300 large cities across India across 13 states in 2000. At 56 per cent of urban population in large cities with access to sewerage facilities, Maharashtra fared better than the national average, as well as higher population coverage than other major urbanised Indian states like Gujarat, Tamil Nadu, Karnataka and Andhra Pradesh.

Table 1.9: Access to sewerage facilities in large states, 2000

State	Percentage (%)
Andhra Pradesh	24.0
Gujarat	56.0
Karnataka	57.0
Maharashtra	64.0
Tamil Nadu	48.0
All India	45.0

Source: The analysis is based on NIUA (2005) which provides city-wise population covered by sewerage system. For the national average, only large states have been considered.

A comparison of sewage generation versus available treatment capacities in metropolitan and Class I cities across Indian states based on recent studies by the Central Pollution Control Board (CPCB) and city development plans (CDPs) under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) reveals that: a) three of four metropolitan cities in Maharashtra (Mumbai, Pune, Nagpur, Nashik) have 100 per cent sewage treatment capacity (CPCB, 2009 and CDP, Pune, Nagpur, 2006), and b) sewage treatment capacity in Class I towns (50 towns) in Maharashtra at 42 per cent is significantly higher than the national average of 32.5 per cent (CPCB, 2009).

Solid waste management: Maharashtra fares better than the overall average for India with regard to availability of garbage disposal arrangements in slums as well as non-slum/other areas (Table 1.10). Lack of garbage disposal arrangements in non-slum areas is reported only by 10 per cent non-slum households in urban areas of the state, against the approximately double national average of 19.2 per cent. Similarly, the proportion of slum households reporting a lack of garbage disposal arrangements is lower in Maharashtra (14 per cent) than the all-India average (~26 per cent). However, organised

garbage disposal arrangements by ULBs are available to 83 per cent slum households in Maharashtra, whereas 80 per cent non-slum/other households in the state have access to such facilities. Importantly, this was lower than the all-India averages as there is a greater contribution by the residents themselves in organising garbage collection arrangements.

Table 1.10: Garbage Collection and Disposal Arrangements

State	Slums/ Non-slum	Arrangement of garbage disposal (% Households)			
		By ULB	By residents	Others	No arrangement
Andhra Pradesh	Slum	66	15	0	19
	Non-slum	69	13	5	13
Gujarat	Slum	44	33	0	23
	Non-slum	50	37	4	8
Karnataka	Slum	54	7	0	39
	Non-slum	68	14	3	15
Maharashtra	Slum	83	3	0	14
	Non-slum	80	9	1	10
Tamil Nadu	Slum	73	5	1	21
	Non-slum	77	12	1	10
All-India	Slum	63	10	1	26
	Non-slum	59	18	4	19

Source: NSS Report 488: Housing Condition in India, 2002: Housing Stock and Constructions

2. Assessment of Sector Finance

A study of urban water supply and sanitation (UWSS) sector finance and monitoring systems in the Indian situation needs to be viewed within the context of the existing legal and policy framework and status of decentralisation in the state. Functional and fiscal decentralisation in India has its legislative basis in the 74th Constitutional Amendment Act (CAA), which for the first time provided a constitutional status and recognition to urban local governments. However, it is the state Acts and policies that actually determine expenditure responsibilities for specific functions as well as their revenue generation capacity. In case of UWSS, the responsibility for ensuring services for water supply, sanitation and solid waste management is conferred to ULBs. Although central and state governments together provide a significant proportion of funds for required capital investments, finance for operation and maintenance (O&M) falls under the purview of ULBs.

ULBs in Maharashtra are governed by the following four Acts/legislations: the Bombay Municipal Corporation Act, 1888, the City of Nagpur Corporation Act, 1948, the Bombay Provincial Municipal Corporations Act, 1949, and the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965. The Acts mentioned above evolved over time in response to felt needs, however, at present, the need for greater uniformity is increasingly recognised. In 2009, there were 23 municipal corporations, 219 municipal councils of Class A, B and C and six NPs in the state.

Sources of public funds for urban development/UWSS include all the three tiers of government – central, state and local. User finance in the form of user and connection charges is paid to the ULBs for service provision. While there is almost no private investment in the sector, there is some commercial funding through loans from banks and financial institutions. Financing of UWSS in Maharashtra takes place through several channels with complex arrangements and requirements for approvals and reporting.

ULBs are responsible for provision of UWSS services as per the 74th CAA. However, in view of the wide differences in capacities of ULBs, the state government has not found this a workable arrangement with respect to functional devolution, with smaller ULBs lacking the capacity to provide their own services. Hence, the practice in Maharashtra is that state agencies set service delivery standards and provide ULBs the choice of building and/or operating systems within their areas of jurisdiction either on their own or having state agencies do so. The latter is more common, in which case costs are charged to ULBs.¹⁰

This section outlines the volume and composition of sector funding over the past six years. It traces the allocations/devolutions for UWSS by size of cities, and for programmes for the poor. Allocation decisions are assessed across the major sources of funds, highlighting the possible use of performance information for more informed and evidence-based decisions. The analysis does not include expenditure incurred by households and other users, other than charges paid to ULBs. A number of assumptions had to be made, even for public finance, to arrive at water supply and sanitation (WSS) shares as data is neither consolidated nor assessed by sectors at present. Suggestions to address identified data issues are discussed in the last section of this chapter.

¹⁰ Refer Mathur, O.P and George Peterson (2006) for a discourse on the issue of service delivery by the state versus ULBs in the context of decentralisation.

2.1. Volume and Main Sources of UWSS Sector Finance

The total estimated UWSS finance in 2010-11 is Rs 35 billion. Fund availability in the sector increased over eleven-fold at current prices since 2005-06. An unprecedented rise between 2005-06 and 2006-07 was followed by a high average annual growth rate of about 39 per cent in real terms since 2007-08. The share of central government in this funding is the largest at an average of 54 per cent over this period.

Over the past six years, annual investment exclusively in the UWSS sector is estimated to have risen from around Rs. 3 billion to Rs. 35 billion (refer to Table 2.1) showing an unprecedented growth between 2005-06 to 2006-07, followed by an average increase of 39 per cent per annum in real terms, over the past four years. A number of assumptions had to be made to arrive at the broad estimates of UWSS investments as described in Annex A2.3. These assumptions were made on the basis of Government Resolutions (GRs) relevant for different programmes and guidelines of each programme. UWSS estimates are based on projects actually taken up, where available and actual expenditures reported in state department budgets. Unlike other states, most State Finance Commission (SFC) grants in Maharashtra are non-plan grants and do not specify purpose of use. A bulk of such funds in the state is known to be used for establishment expenses of ULBs.¹¹ In the absence of data on ULBs' expenditure on UWSS from their own resources, ULB contribution towards UWSS projects under JNNURM and Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) programmes is taken as proxy. This has a limitation in that it does not permit an understanding of the composition of the ULB share, i.e., how much is funded by grants and transfers and how much from ULBs' own resources.

The three main funding sources of sector investment finance in Maharashtra include:

- a. *Central government funding:* Central Finance Commission (CFC) grants, Centrally Sponsored Schemes (CSS), Member of Parliament Local Area Development (MPLAD) grant etc.
- b. *State government funding:* transfers and grants-in-aid, various schemes and programmes of Urban Development Department, Water Supply and Sanitation Department and Housing Department and the state contribution in centrally sponsored schemes.
- c. *ULB own finances:* to meet their share of central/state schemes and mobilised through internal surplus and/or borrowing.

Currently, there are no externally-aided projects in the UWSS sector in Maharashtra. The fund flow arrangements for external funds when available, are similar to those for central government funds.

The central government has been the dominant source of UWSS finance, funding on an average, about 54 per cent of capital investments in the sector in the past six years. Central funding was in the form of Central Finance Commission (CFC) grants, MPLAD funds and most importantly, centrally sponsored schemes like JNNURM and UIDSSMT, which accounted for the sudden spurt in sector finance in 2006-07 and continued thrust in subsequent years. While state funds have amounted to around 27 per cent of the total UWSS sector funds in the same period, ULB contribution in Maharashtra is estimated to have been 19 per cent of sector funds. State funding for the sector has largely been for state schemes like Maharashtra Sujal Nirmal Abhiyan (MSNA) and Maharashtra Swarna Jayanti Nagarothan Maha-Abhiyan (MSJNMA). The ULB share estimated in Table 2.1 reflects ULB share in central as well as state reform-linked programmes like JNNURM, UIDSSMT, MSNA

¹¹ Weist et. al (2004) Volume II: pp 46

and MSJNMA.¹² Although ULBs may be investing additional internal resources and borrowings to the total UWSS pool, separate data on this is presently not available. Municipal finance data reported in Comptroller and Auditor General (CAG) Reports¹³ and Economic Survey, GoM for the period 2005-06 to 2007-08¹⁴ reveals that the share of debt servicing and extraordinary expenditure to total expenditure of MCs is about 8 per cent per annum, on an average, while that for municipal councils is 9.9 per cent. However, information on ULB level debt as well as that on debt servicing for UWSS investments at ULB level is separately not available.

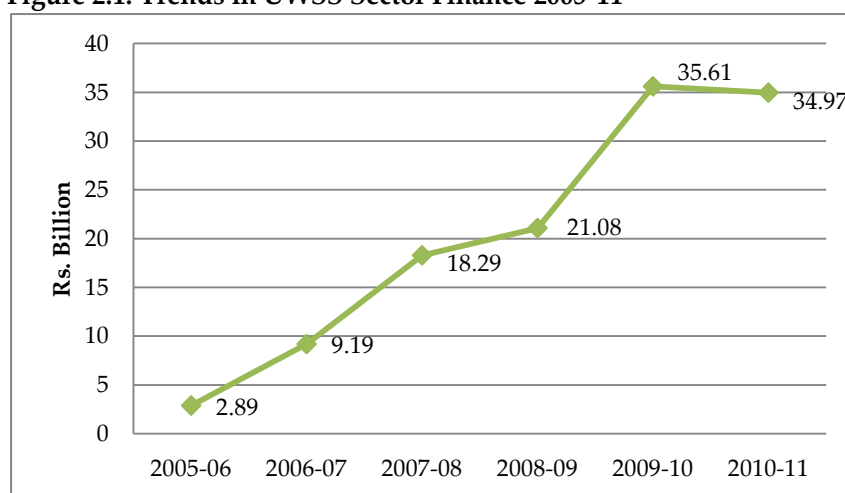
Table 2.1: Estimated UWSS Sector Investment Finance in Maharashtra and Main Sources (%)

Source of Fund	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Average/Annum
	Actual	Actual	Actual	Actual	Actual	Rev Est	
Investment Finance							
Central grants, centrally sponsored schemes, MPLAD grants	18.0	62.4	68.1	62.4	65.0	48.1	54.01
State grants, schemes and state share in CSPs	82.0	21.1	13.3	13.2	13.9	17.6	26.85
ULB share in funding	-	16.5	18.6	24.3	21.0	34.4	19.14
Total	100	100	100	100	100	100	
Total UWSS capital investments (Rs. in billion)	2.89	9.19	18.29	21.08	35.61	34.97	20.34

Source: Investment finance: refer Annex tables A2.2, A2.3 and A2.7 for details of sources.

Notes: (a) Totals may not add up due to rounding off; (b) Details of O&M expenditure are available only for 2009 (Rs. 14.9 Bn); hence the estimated total sector finance for 2009-10 is Rs. 50.5 Bn. Similar estimates for sector finance were not possible for other years in the absence of data on recurrent expenditure. (c) Housing programmes of the centre and state are assumed to have a UWSS component of 15 per cent. This raises the overall size of the UWSS fund by about 5 per cent per annum, on an average.

Figure 2.1: Trends in UWSS Sector Finance 2005-11



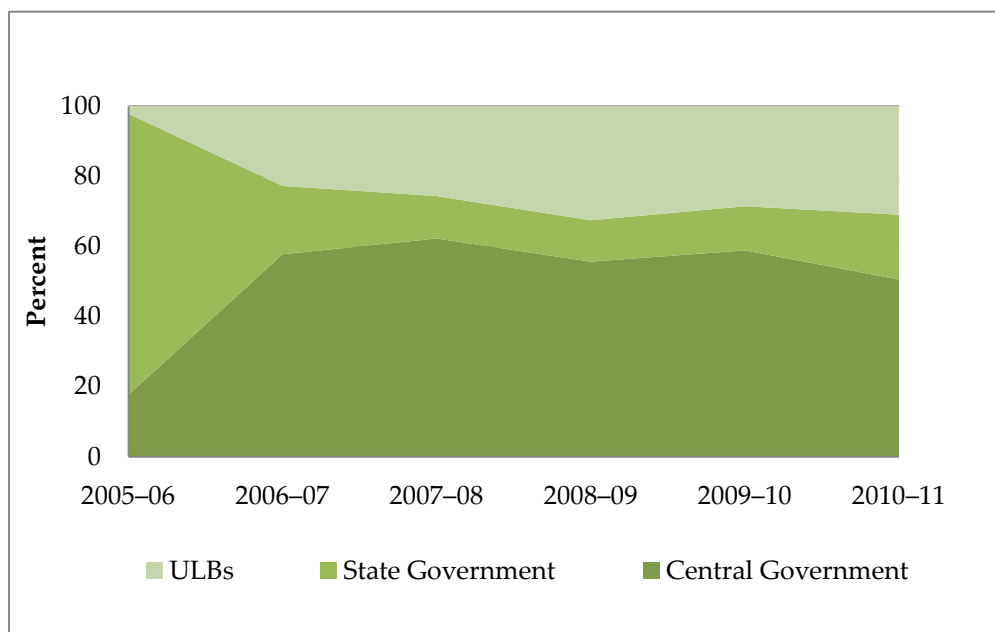
Source: refer Annex tables A2.2, A2.3 and A2.7 for details of sources.

¹² Discussions with state government officials revealed that ULBs are permitted to use 13th Finance Commission grants towards 'ULB contribution' for schemes for specific sectors mentioned in GoM, UDD GR No. Thirteenth Finance Commission TFC/2010/Pra No. 131/2010/Navi-4 dated 24 October, 2010.

¹³ CAG (2006), CAG (2007) and CAG (2008)

¹⁴ Directorate of Economics and Statistics (DES) (2006), (2007), (2008)

Figure 2.2: Sources of Funds for UWSS



Source: refer Annex tables A2.2, A2.3 and A2.7 for details of sources.

Ideally, total UWSS sector finance should include expenditure on O&M incurred by ULBs in the state. However, this information is available only for 2009 (Rs. 14.9 billion) from the PAS survey of ULBs, precluding an estimate of total sector finance for other years. With capital investments of about Rs. 35.6 billion (based on budget documents of concerned departments of GoM) and O&M expenditure of Rs. 14.9 billion (based on data from PAS survey of ULBs), total sector finance in 2009 is estimated at about Rs. 50.5 billion.

Details of data sources and assumptions made to estimate the share of UWSS in urban sector finance are provided in Annex Tables A2.2 and A2.3. While these assumptions enable a reasonable first-cut estimate of UWSS sector finance, significant efforts will be required in future to capture sector finance and its distribution more accurately.

2.2. Priority of Urban and UWSS Funding in State and Urban Development

Urban sector allocations in Maharashtra compare favourably with other states in India. Urban development funding is organised through three departments, with several sector programmes under each department. Enhanced urban sector funding by the Central Government in recent years and state matching contribution in central programmes has translated into higher allocations for UWSS. Sector finance for UWSS in Maharashtra (including estimated capital expenditure on UWSS in housing projects) has recorded a ten-fold increase over seven years.

The UWSS sector finance in Maharashtra is channelised through three departments: the UDD, WSSD and the Housing Department. Over the past three years, the share of these departments in the total state budget has averaged at about 6 per cent. Over the past three years, a fairly large proportion of urban sector funds were devolved through various grants-in-aid and programmes/schemes to ULBs, accounting for, on an average, 10.98 per cent of the state's own revenue receipts (Table 2.2). This

affords a favourable comparison with other Indian states such as Gujarat¹⁵, Karnataka and Tamil Nadu, among which the two latter states have recommended devolution of about 10 per cent of state tax and non-tax revenue to ULBs.¹⁶

Table 2.2: Priority of Urban Sector and Devolution in State Budget and Finances, 2005-12

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average (2009-10 to 2011-12)
	Actual	Actual	Actual	Actual	Actual	Rev Est	Budget	
Total State Budget (Rs. Bn)	723.62	785.06	821.94	1006.22	1177.81	1385.53	1541.25	1368.20
Total UDD+WSSD+Housing Budget (Rs. Bn)	33.92	39.32	49.46	43.08	75.76	74.81	86.86	79.14
UDD+WSSD+Housing total budget as a share of total state budget (%)	4.69	5.01	6.02	4.28	6.43	5.40	5.64	5.78
Total UDD+WSSD+Housing Plan Budget (Rs. Bn)	14.69	20.46	28.75	26.29	51.81	50.48	60.12	54.14
UDD+WSSD+Housing Plan Budget as a share of total UDD+WSSD+Housing Budget (%)	43.32	52.04	58.13	61.02	68.39	67.47	69.21	68.40
Total Devolution from UDD+WSSD+Housing to ULBs (Plan and Non-plan) (Rs. Bn)	33.92	39.32	49.46	43.08	75.76	74.81	86.86	79.14
State's Own Revenue Receipts (Rs. Bn)	335.39	400.98	475.28	520.31	591.06	734.96	836.86	720.96
Devolution from UDD+WSSD+Housing as a share of State's Own Revenue receipts (%)	10.11	9.81	10.41	8.28	12.82	10.18	10.38	10.98

Sources: Refer Annex Table A2.6 for details and details of sources. Note: Data for Housing Department was available only for the period 2009-10 to 2011-12, hence, the totals for the departments from 2005-06 to 2008-09 are only for UDD and WSSD. The average has therefore been taken for the last three years.

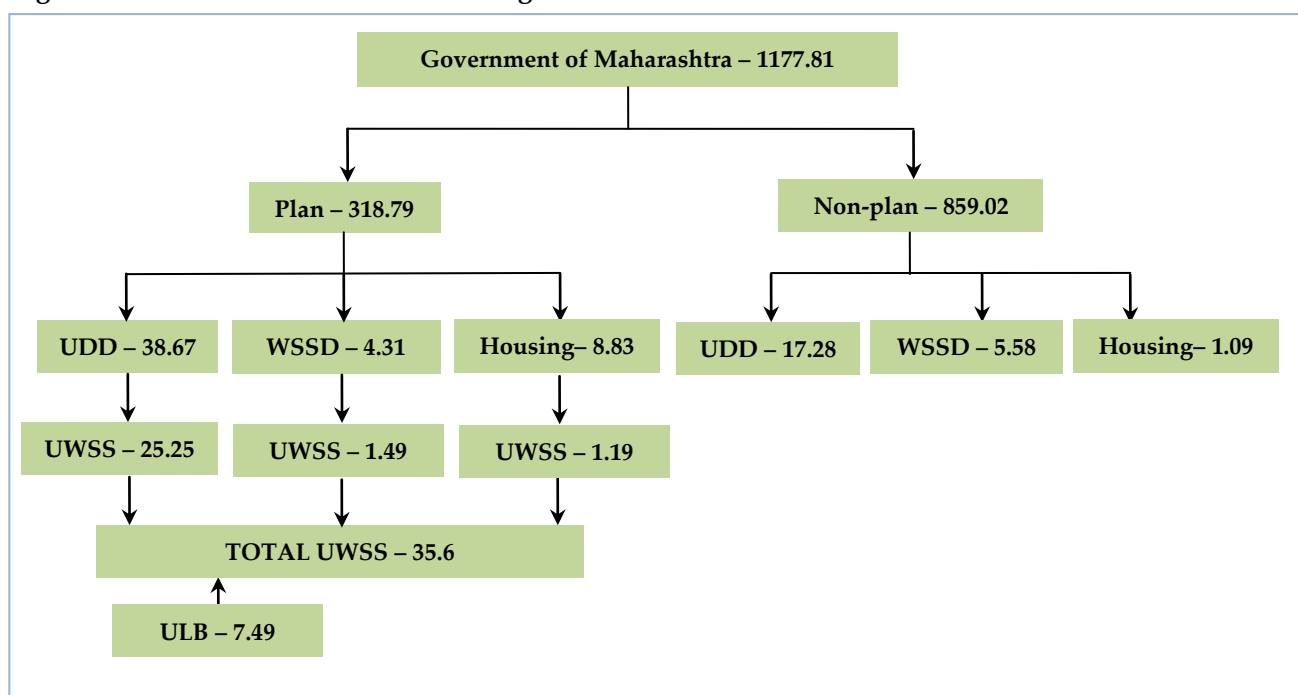
Of the total urban sector plan funding in Maharashtra, on an average, 51 per cent is estimated to have been used/allocated for UWSS over the past three years (Table 2.3). UWSS allocations in Maharashtra flow mainly from general (multi-sector) urban infrastructure schemes and housing programmes. Enhanced urban sector funding in recent years reflecting policy priority has therefore translated into higher allocations for UWSS. Funding for UWSS in Maharashtra from the Centre (excluding MPLAD scheme) and state has recorded a ten-fold increase over a seven year period, rising from an estimated Rs. 3 billion in 2005-06 to Rs. 31 billion in 2011-12. The average per capita UWSS expenditure/allocation in the state is Rs. 664, between 2009-10 and 2011-12.

¹⁵ CEPT University (2011) estimates reveal a similar average of 10.4% for urban sector devolution to Gujarat's own revenue receipts.

¹⁶ Based on GoI (2010), Annex 10.2 which provides details of recommendations made by SFCs of different states.

Figure 2.3: UWSS Fund Flow in State Budget (2009-10)

(Rs. in Billion)



Notes: UDD- Urban Development department; WSSD- Water Supply & sanitation department; DMA- Directorate of Municipal Administration; MMRDA - Mumbai Metropolitan Regional Development Authority; MHADA- Maharashtra Housing and Area Development Authority.

Table 2.3: Priority of UWSS, 2005-12

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average (2009-10 to 2011-12)*
	Actual	Actual	Actual	Actual	Actual	Rev Est	Budget	
Total UDD+WSSD+Housing Plan Budget (Rs. Bn)	14.69	20.46	28.75	26.29	51.81	50.48	60.12	54.14
Total estimated UWSS allocations/Use for capital expenditure (Rs. Bn) excluding MPLAD funds and ULB share	3	7	15	16	28	23	31	27.36
Estimated UWSS funding as a share of total UDD+WSSD+Housing Plan Budget (%) excluding MPLAD funds and ULB share	18.17	36.45	51.00	59.93	53.89	45.23	52.10	50.54
UWSS Expenditure Per Capita (Rs.) including MPLAD and ULB share	64	197	383	431	711	682	599	664

Source: State Budgets, Department of Finance (DoF), GoM, State Budgets, 2005-10; DoF, GoM, Revised Estimates 2010-11 and DoF, GoM, Budget Estimates 2011-12. For Projected Population: Source: Report of the Technical Group on Population Projections Constituted by the National Commission on Population May 2006, Census of India, Refer Annex Table A2.8 for details.

Note: Average is taken for the last three years as Housing Department budgets are available only for these years.

2.3. An overview of Urban Sector Programmes

The present set of urban sector programmes being implemented in Maharashtra has evolved in response to changing policy paradigms at different points in time over the past few decades. The pro-poor emphasis has continued throughout; a number of programmes for poor are routed through the three concerned state government departments. In the past decade, the state has successfully introduced an incentive programme, chiefly focused on ULB sanitation performance, and has now moved into a phase of reform-linked funding. Need for fiscal consolidation of programmes for UWSS and urban poor is increasingly evident.

The present set of urban sector programmes in Maharashtra reflects the state's emerging policy emphasis over time. The state government's policy emphasis/funding under various programmes and schemes for poor launched in the 1990s, continues. The state was one of the first to successfully launch an incentive scheme, Sant Gadgebaba Nagri Swachhata Abhiyan (SGNSA), focusing on ULB performance in sanitation service delivery. Government of India's JNNURM and UIDSSMT programmes, introduced in 2005-06, made the case for urban stronger. Seven cities in Maharashtra (Greater Mumbai, Kalyan-Dombivali, Nagpur, Nanded-Waghala, Nashik, Pune and Ulhasnagar), were covered under the JNNURM and another 86 towns covered under UIDSSMT, accounting for about 71 per cent of the state's urban population. The state government, on the occasion of the Golden Jubilee of Maharashtra state, introduced new programmes and revamped old schemes to reflect its progressive, reform-oriented outlook. Currently, the state's two major schemes in the urban/UWSS sector are Nagarothan Scheme and MSNA; both are linked to sector reforms. Urban poor schemes are fragmented, with a large number of schemes under the three departments and disparate channels of fund/information flow. Greater efforts at consolidation of schemes and funding are required to improve linkages between investments and service delivery performance.

State programmes and schemes that are presently being implemented in Maharashtra are listed department-wise in chronological order (based on the year of launch) in Table 2.4, which enables an understanding of the evolution of urban/UWSS sector policy in the state. The pattern that emerges is an initial phase of welfare-oriented/pro-poor schemes, to a phase marking the launch of the state's first reward/incentive programme in the UWSS sector, to a phase of reform-linked funding in the urban/UWSS sector with clear rules for access to state grants/funds by ULBs.

A reward/incentive scheme for good performance in sanitation service delivery was launched by WSSD in 2002-03 in the form of SGNSA. Its aim was to motivate ULBs through rewards and incentives to bring about improvement in the field of public and individual sanitation including open defecation free (ODF) cities, adequate supply of clean drinking water, management of wastewater, solid waste management, and enhancement of public health outcomes. Under this programme, a set of performance related data is collected annually using tailor-made reporting formats, based on which "cleanest" or "best" ULBs and wards are selected at district, division and state level for the award.

In 2008, WSSD introduced reform-linked funding with the launch of its MSNA programme, which has two major areas of focus - reforms and water supply and sanitation schemes. While the former looks at aspects like billing and recovery, legal status of connections, energy and water audit etc., the latter seeks to improve existing facilities rather than create new assets. As part of this programme, a separate data collection and processing unit called Change Management Unit (CMU) has been set up. Fund allocation decisions are initially based on willingness of ULB to undertake reforms and project preparation, and later, based on ULB performance w.r.t implementation of reforms and WSS schemes.

Table 2.4: Chronological Overview of Urban Sector Programmes of different Departments

Programme Name	Programme Highlights
Urban Development Department (UDD)	
Dalit Vasti Sudhar Yojana (1995-96)	<ul style="list-style-type: none"> The scheme offers 100% grants for localities (Vastis) having 50% and above scheduled caste (S.C.) population. It covers civic amenities like roads, gutters, water supply pipelines, public latrines etc. Under the scheme, MCs are eligible for funds up to Rs. 1 crore, "A" class municipalities up to Rs. 50 lakhs and 'B' & 'C' class Municipalities, up to Rs. 25 lakhs. In order to access funds, ULBs need to submit plans of proposed development works, plans of dalit vastis showing reserved ward boundary, location map of dalit vastis, certificates as prescribed by GoM and a Municipal General Body resolution for the work proposed under the scheme. UC certified by President and Chief Officer of Municipal Council to be submitted. State: ULB share of 90:10.
Babasaheb Ambedkar Shram Safalya Yojana (2008)	<ul style="list-style-type: none"> The purpose of the scheme is to provide housing to municipal conservancy workers. Civic bodies to provide free houses with carpet area of 269 sq. ft to conservancy staff, who have served for 25 years or more. Permanent houses to be provided at retirement; in case of death during service period, worker's heir/relative is entitled to the house, which is non-transferable.
Maharashtra Nagarothan Maha-Abhiyan (MSJNMA) (2010)	<ul style="list-style-type: none"> Launched in January 2010, the programme aims to support municipal bodies not covered under JNNURM, including Class 'D' MCs, municipal councils and nagar panchayats. The purpose of the scheme is to raise the standard of living of people residing in smaller cities by improving transportation, solid waste management, water supply and eliminating slums. Reform-linked scheme with clear demarcation of towns and sectors covered.
Water Supply and Sanitation Department (WSSD)	
Sant Gadgebaba Nagari Swachhata Abhiyan (SGNSA) (2002-03)	<ul style="list-style-type: none"> Launched in urban areas in the year 2002-2003, by WSSD, SGNSA is an urban sanitation campaign that provides rewards/incentives for good performance in urban sanitation by ULBs. The scheme rewards ULBs for improved performance in UWSS delivery. The programme generates competition among ULBs and motivates them through a scheme of evaluation and rewards. All MCs and municipalities in Maharashtra participate in the campaign.
Nagri Dalit Vasti Water Supply Schemes in Urban Areas (2004-05)	<ul style="list-style-type: none"> Pilot programme launched in 2004-05 and subsequently scaled up. Salient features include provision of water supply in localities/wards (notified dalit vastis/any ward having >150 SC households) having ≥50% SC population. Dalit Vasti Management Committee in each Dalit Vasti Ward of a ULB determines requirements, prepares a note and submits to District Collector (DC) for approval. Committee under DC approves projects and the list of approved projects is sent to WSSD, GoM.
Maharashtra Sujal Nirmal Abhiyan (MSNA) (2008)	<ul style="list-style-type: none"> As per GR¹⁷ dated 22nd October, 2008, MSNA was launched as a demand driven and reform oriented UWSS programme with two components – reforms and water supply and sanitation schemes. Only ULBs that undertake reforms like computerised billing, shift from cash based to accrual based accounting, ensure improved service levels in slums, undertake ring fencing of water and sanitation accounts etc. are entitled to a new scheme/further grant (after the first instalment). Salient features include a reform-linked scheme with clear rules for access to funds and clear demarcation of towns and sectors covered under the scheme to avoid overlaps with MSJNMA, use of technology (creation of Geographic Information System (GIS) database using ArcGIS) and constitution of the CMU at All India Institute of Local Self-Government (AIILSG) for data collection, data base management, data analysis etc.
Scheme for private water connections to families of SCs and Nav-Boudhas (2010)	<ul style="list-style-type: none"> Launched in response to WSSD's Vision of "water connection and toilet at doorstep". Key features include provision of individual water connections and toilets to SC and Nav Boudha families if space permits; otherwise, provision of group connections/shared toilets provided. Demand-based selection of ULBs; funds sanctioned on the basis of proposals received from ULBs. Stringent quality parameters required to be adhered to; standard type designs to be followed.
Housing	
Beedi Workers Housing Scheme (2001)	<ul style="list-style-type: none"> Launched in 2001. Subsidy of Rs. 20,000 provided by the state government for provision of housing to beedi workers.

Source: <http://www.maharashtra.gov.in/pdf/tenthPlan/Chapter31.pdf>, GoM, WSSD, Maharashtra Sujal Nirmal Abhiyan (MSNA) GR dated 22 October 2008 and GoM, UDD, MSJNMA GR no.NUR-2008/Pr.no-203/UD-33 dt.20th

¹⁷ GR no./napapu-2008/CR No.1/WS-22

February, 2010, GoM, Directorate of Economics and Statistics (DES) 2005-06 to 2009-10, Babasaheb Ambedkar Yojana: Indian Express, Pune edition, 15 November 2008 and discussions with GoM officials.

Taking forward the reforms in the UWSS sector and in line with the central government's JNNURM, GoM launched the reform-linked MSJNMA¹⁸ programme with the aim of providing adequate urban infrastructure including health, education facilities and aesthetic features as per government standards in the cities and towns of Maharashtra. It is mandatory for the identified cities and towns to prepare CDPs with an investment plan for 20 years. It is also mandatory for eligible ULBs to implement the reform agenda defined in the GR and enter into a Memorandum of Agreement (MoA) with the state government. The DMA is the state's nodal agency for the scheme.

Thus, programmes currently being implemented in Maharashtra reflect changing paradigms and policy emphases of GoM in the urban/UWSS sector. It is evident that over the past three to five years, the state government has made serious efforts to move towards reform-linked funding for urban/UWSS sector programmes and schemes. Presently, the two major schemes in the urban/UWSS sector - Nagarothan and MSNA, are a reflection of the state's present policy and administrative set-up; GoM has clearly defined the boundaries of each scheme to avoid overlaps.¹⁹ Urban poor schemes are fragmented, with a large number of schemes under different departments and disparate fund flows, though the reporting requirements for the two major Dalit Vasti schemes of UDD and WSSD respectively, are similar. Greater efforts at consolidation of schemes and funding are required to improve linkages between investments and service delivery performance. This is expected to help boost efficiency, effectiveness and local sustainability of the sizeable investments being made in the UWSS sector in Maharashtra.

2.4. Devolution and Allocation Principles

Devolution of funds to ULBs takes place through various grant transfers and schemes, with different criteria for devolution or allocation of funds to sectors and ULBs. A major proportion of central funds are partially tied and >70 percent of state grants are untied, giving ULBs considerable flexibility / autonomy over use.²⁰ Central programme funds for e.g. JNNURM and UIDSSMT and those for the new genre of state programmes such as Nagarothan and MSNA are linked to reforms. More than a third of the total devolutions to ULBs in the state are earmarked for UWSS and the urban poor. While central and state finance commission grants are by and large formula based, for 13th Finance Commission grants, a combination of formula-based allocation and ULB's readiness for implementation, i.e., project preparation, is employed. Most grants and schemes require preparation of project proposals and a host of approvals and reports.

Urban sector fund flows, including UWSS finance are through central and state grants and schemes, each with their own criteria for devolution or allocation of funds to different sectors and categories of ULBs. In general, three types of devolution/allocation criteria for funds are observed in the urban/UWSS sector in Maharashtra: (a) formula-based, (b) based on project proposals prepared by ULB, and (c) a combination of devolution formulae and project preparation undertaken by ULBs.

¹⁸ GR no.NUR-2008/Pr.no-203/UD-33 dated 20th February, 2010 provides guidelines for implementation of the Nagarothan Scheme, including the list of admissible sectors and GoM departments responsible for scheme implementation and their respective roles.

¹⁹ GOM, UDD, GR No. Nagaro-2010/ Pra Kra 240/Navi-33 dated 30 October 2010 "differentiate(s)..the functions between Maharashtra Suvarna Jayanti Nagarothan Mahaabhiyan and Maharashtra Sujal Nirmal Abhiyan".

²⁰ Earlier, the DA Grant was linked to recovery of property tax, with release proportionate to property tax recovery. Presently, conditionalities have been dispensed with, while the incentive to achieve high recovery is maintained through release of 100% grant against $\geq 80\%$ recovery of property tax.

While central and state finance commission grants are by and large formula based, devolution of 13th Finance Commission grants employs a combination of formula based allocation and ULB's readiness for implementation, i.e., project preparation, for devolution. Most central and state government programmes and schemes focusing on urban development and UWSS require ULBs to prepare project proposals, followed by approval processes and reporting requirements. In recent years, central and state governments are increasingly tending to adopt reform-linked funding coupled with requirements such as ensuring that ULB contribution is deposited in project account prior to devolution, signing of MoA between state government and ULB, wherein the ULB agrees to undertake reforms, and passing of General Body resolutions related to proposed works.

Five aspects of decentralisation that are likely to affect delivery of UWSS services, are discussed below. The issue of adequacy of funds for UWSS for ULBs is discussed in Section 2.5.

- level of predictability in funding. (Table 2.5).
- level of autonomy that the ULBs have in the use of funds. (Figure 2.4 and Tables 2.6, 2.7).
- use of funds as an incentive for reforms. (Table 2.11 and Table 2.12).
- earmarking funds for the poor. (Table 2.14 and 2.15, Annex Table 2.11).
- horizontal equity between municipal corporations and smaller municipalities. (Table 2.16 and 2.17).

Predictability in local funding: Formula-based funding from central and state government (CFC and SFC grants, both plan and non-plan) comprised about 16 per cent of total funds in Maharashtra devolved in the period 2005-12.²¹ The remaining plan funds are determined on the basis of proposals prepared by ULBs. Table 2.5 provides details of formulas used for CFC and SFC grants in Maharashtra and the specified purpose and use of such grants, if any. A majority of ULBs in the state use only the CFC grants for UWSS, while SFC grants, which are untied, are mainly used for establishment expenditure. For CFC grants, the state government announces the formulas used to determine the share of each ULB through GRs.²² The 13th Finance Commission grants, though formula based, require preparation of project proposals by ULBs.²³ Funding under GoM's recently introduced Nagarothan scheme is based on proposals prepared by ULBs as well as the financing mechanism opted for and class of ULB, which determines the applicable loan - grant formula.²⁴ Of the SFC grants,

²¹ Weist (2004) comments that "The First Maharashtra State Finance Commission (MSFC) classified the needs of ULBs as current (or "revenue") and capital needs. ..The grants earmarked to help ULBs meet their current expenditure needs are numerous and not straightforward to calculate and predict. Data are not available to demonstrate the extent to which a ULB in Maharashtra can or cannot predict the amount of grant funding it will get". Karthik and Pethe (UNDP, 2002) observed that a fairly large proportion of funds were released in the last month of each financial year. In the absence of more recent data on timing and amounts actually transferred to ULBs, it is difficult to comment further on predictability of grant funding.

²² See for example, GOM UDD GR 12th FC 102004/110/Pra No. 16/2004/Navi-4 dated 31 March, 2006 and GOM UDD GR 13th FC 2010/Pra No. 131/2010/Navi-4 dated 24 October, 2010 for formulas announced/used by UDD to determine the amount to be allocated to each ULB from CFC grants.

²³ In order to enhance timeliness and predictability of release of 13th FC grants, electronic transfer of funds to ULBs within five days of release of the grant by the central government or within 10 days through alternative channels where banking facilities are not easily accessible, has been made mandatory by the central government.

²⁴ The Nagarothan Scheme of GoM provides for project implementation using three different types of financing mechanisms: (i) Public Private Partnership (PPP) mode, (ii) Viability Gap Funding (VGF) mode, or (iii) through grants and (iv) loans. In case of implementation through PPP mode, there is no provision for fund allocation to the concerned ULB. If VGF is the financing mode opted for, then 'B' & 'C' class municipal councils and nagar

the octroi grant paid by the state as compensation towards cancellation of octroi accounted for the largest transfers (51.6 per cent of formula-based funding) to municipal councils in the period 2005-10. However, in recent years (2010-12), no allocation/disbursement of octroi grant has taken place, displaying a lack of predictability.

Other plan funds are “demand-based” and are determined on the basis of proposals prepared by ULBs; the practice of announcement of sanctioned amounts per ULB for such funds through GRs has been initiated by GoM.²⁵ Transfer of these funds (first instalment) takes place only on approval of the project proposals and for subsequent instalments, on submission of utilisation certificates/demonstration of satisfactory progress.

The practice of announcement of sanctioned amounts per ULB for a few such funds e.g. Nagarothan Scheme and Nagari Adivasi Vasti Sudhar Yojana through GR has been initiated by GoM.²⁶ However, no regular pattern/cycle for such announcements through GRs is observed.

Table 2.5: Formula based Devolution for Central and State Grants (Rs. in Million)

Grants	Criteria for devolution/ allocation to ULBs	Purpose and use	Total Urban Sector Funding (from 2005-06 to 2011-12)
Central Grants			
11 th Finance Commission grants	Devolved on the basis of weightage for urban population (40%), geographical area (10%), distance from highest average per capita income (20%), own revenue efforts of ULBs (10%), index of decentralisation (20%).	Provision of basic civic services (primary education, primary health care, safe drinking water, street light, sanitation, drainage and scavenging facilities, maintenance of cremation and burial grounds, public conveniences, other common property resources). Funds otherwise untied with provision that they could not be utilised for salaries and wages.	85
12 th Finance Commission grants	Devolved on the basis of weightage for urban population (40%), geographical area of ULB (10%), distance from highest average per capita income in zone (20%), own revenue efforts	Development of basic services (water, sanitation) of which at least 60% grants provided to ULBs to be earmarked for solid waste management. For improved data base, administration	7906

panchayats are eligible for 80% grant and 20% loan from MUIDCL/MMRDA, while ‘A’ class councils ‘D’ class corporations are eligible for 50% grant and 50% loan from MUIDCL/MMRDA. In case PPP/VGF routes are not adopted, ‘B’ & ‘C’ class councils and nagar panchayats receive 80% grant and 20% loan from MUIDCL/MMRDA while ‘A’ class councils ‘D’ class corporations receive 50% grant and 50% loan from MUIDCL/MMRDA. Procedures to avail grants and loans are defined in the GR.

²⁵ GOM, UDD, MSJNMA GR no.NUR-2008/Pr.no-203/UD-33 dt. 20th February, 2010.

²⁶ Refer for example, GRs for Nagarothan: GoM, UDD GR 20110316213346001 dated 23 February 2011 and GR 20110430112741001 dated 31 March, 2011; and Nagari Adivasi Vasti Sudhar Yojana: GoM, UDD, GR No. AaVaSu-2010/Pra Kra 13/Navi-4 dated 31 March 2011 and GR No. AaVaSu-2010/Pra Kra 141/Navi-4 dated 23 March, 2011.

Grants	Criteria for devolution/ allocation to ULBs	Purpose and use	Total Urban Sector Funding (from 2005-06 to 2011-12)
	of ULBs (20%), index of deprivation (10%).	No conditionalities other than provision of Utilisation Certificates for the previous instalment and end use conditionalities given above.	
13 th Finance Commission grants (Non-plan)	Devolved on the basis of weightage for urban population (50%), area (10%), distance from highest per capita sectoral income (20%). Of the remaining 15% is earmarked for Corporations, of which two-third (in Year 1) is based on the last year's recovery of octroi and one-third is provided as incentive if capital-based property tax assessment is undertaken; 5% of grant is earmarked for Class 'A', 'B' and 'C' municipalities based on DMA's discretion/assessment of requirement.	Development of basic services including water supply, sanitation, solid waste management, drainage. E-governance, transportation, salary and wages, strengthening fire services, strengthening local fund audit department and 'others'. Use of grant towards ULB contribution for schemes in any of the above areas. Project preparation by ULBs; approval by DMA.	7599
State grants (Non-plan)			
Land revenue tax	15% of land revenue and 75% of N.A.A assignments.	Not specified	630
Entertainment tax	25-100% of entertainment tax collected from ULBs of different grades.	Not specified	1434
Stamp Duty	1% surcharge on Stamp Duty for property registrations undertaken by ULB.	Not specified	4542
Assignment of Taxes on Professions, Trades, Callings and Employment	10% of the professional tax collected.	Not specified	16
Compensation Grant on account of cancellation of Octroi	Octroi collection by ULB prior to 1.5.1999 (date of octroi abolition), with 20% escalation per annum.	Not specified	23692
Total funds on formula basis (over 2005-06 to 2010-11)			45905
Share of funds devolved on formula basis as a share of total funds (%)			16.0
Average annual funds on formula basis (Rs. in Million)			6557.85

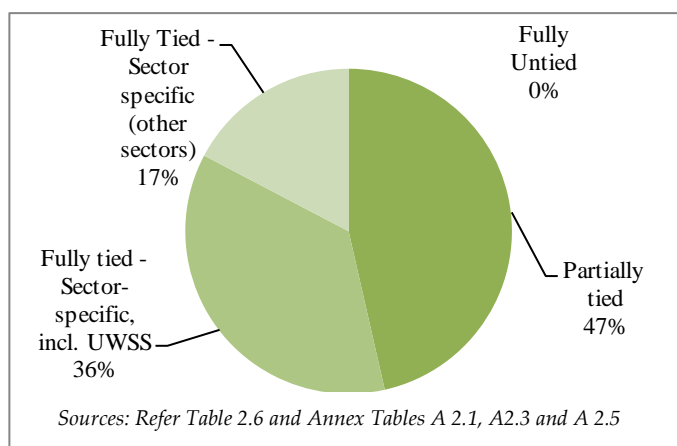
Source: Based on <http://fincomindia.nic.in/TFC/Chapter10.pdf>, GoM, UDD Budget Documents 2005-11; GOM UDD GR 12th FC 102004/110/Pra No. 16/2004/Nav-4 dated 31 March, 2006; GOM UDD GR 13th FC 2010/Pra No. 131/2010/Nav-4 dated 24 October, 2010 and NIUA, 2011, *Tracking Central Finance Commissions and State Finance Commissions Grants to Selected States and Urban Local Bodies in India*, NIUA, New Delhi. Notes: (a) NAA=Non-Agricultural Assessment. (b) The share of plan funds for urban development on formula basis to total plan funds in Maharashtra is about 6.5%.

A host of administrative and technical sanction procedures also impact fund flows and transfers to ULBs: As per Section 75(A) of the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 Municipal Engineers recognised by the state government can approve/provide technical sanction for works up to Rs. 10 lakh for Class A, up to Rs. 5 lakh for Class B and up to Rs. 2 lakh for Class C towns.²⁷ Beyond these defined thresholds, technical sanction is to be obtained from the designated state government department e.g. MJP for UWSS, Public Works Department (PWD) for roads and buildings etc. While certain schemes require a General Body resolution for administrative approval, other funds such as 12th and 13th Finance Commission grants require a second administrative approval by the District Collector (DC). For Nagarothan Scheme, administrative sanction is granted by the District Project Development Committee. At times, ad hoc proposals are sent by ULBs directly to UDD; these require administrative sanction by the DC prior to financial approval/sanction by UDD. While proposals for “Distinctive Works” were earlier sent by ULBs to DMA for administrative approval, they are presently approved by the DC.

Local autonomy and capacity in the use of funds: The degree of autonomy ULBs have in the use of devolved funds has a bearing on their use for different sectors and purposes. About 24 per cent of total (plan and non-plan grant and scheme funds) state funds and 11 per cent of total central funds are formula-based, accounting for 16 per cent of formula-based funding. On the other hand, if non-plan funds are considered separately, a majority of non-plan SFC grants (72 per cent) in Maharashtra accruing to ULBs are formula-based and untied. ULBs have the freedom to use these for any purpose required. While a majority of ULBs are known to use these funds for salaries and establishment expenses, they have the freedom to use these for development work or payment of ULB share for programmes and schemes. In the absence of data on use of state grants,²⁸ it is difficult to assess the extent of use of these grants for development work including UWSS, if any.

Figure 2.4: Conditions on Use of Grant and Scheme Funds

All other grant and scheme funds (plan funds) represent tied funding, with different degrees of freedom of use by ULBs. About 46 per cent of such funds are partially tied – i.e., they can be utilised for development works of any kind. Major programme funds e.g. JNNURM/UIDSSMT, MPLADS, Megacity Programme, MSJNMA etc. fall in this category, giving ULBs the choice of prioritising/selecting development works across sectors. The major share of UWSS funds in Maharashtra is accounted for by JNNURM, while the share of other central and state sources is much smaller in comparison. ULBs in Maharashtra have a much lower proportion of partially tied funds in total plan funds than ULBs in Gujarat, for instance, where such funds account for 82 per cent of total plan funds.²⁹ Table 2.6 and Figure 2.4 depict the choices available to ULBs in Maharashtra in the use of funds available for development works. Detailed data on the actual use of partially tied funds across sectors is not



ULBs in Maharashtra have a much lower proportion of partially tied funds in total plan funds than ULBs in Gujarat, for instance, where such funds account for 82 per cent of total plan funds.²⁹ Table 2.6 and Figure 2.4 depict the choices available to ULBs in Maharashtra in the use of funds available for development works. Detailed data on the actual use of partially tied funds across sectors is not

²⁷ The earlier limit for technical sanction by municipal engineers for works up to Rs. 75,000 in Class ‘A’ and ‘B’ and up to Rs. 40,000 in Class ‘C’ ULBs stands enhanced.

²⁸ State grants being untied funds, are not monitored by the state. Hence, no record of use of such funds is consolidated/available at state level.

²⁹ CEPT University (2010)

readily available for all grants and schemes, especially SFC grants and other non-plan state grants. However, details available for some grants and schemes are presented in Table 2.7.

Table 2.6: Conditions on the Purpose and Use of Grants and Schemes

Extent of Local Autonomy (Type of Use or Condition Required)	Grants/ Schemes	Total Funding – 2009-10 (Rs in Billion) (% to total UDD Plan funds)
Fully Untied	No plan schemes are fully untied.	0.0
Partially tied – use for development works of any local basic services/ public amenities – no specific sector required; actual allocations determined on the basis of CDP and/or approved project proposals.	Twelfth and Thirteenth Finance Commission Grants, MPLADS, JNNURM/ UIDSSMT, Megacity programme, pilgrim places etc., MSJNMA, special tourism development grant, removal of regional imbalances.	23.18
Fully Tied - Sector specific use required (UWSS/urban poor schemes with possible UWSS component).	Eleventh Finance Commission Grants (WSSD), Nagri Dalit Vasti Water Supply Scheme, Assistance for Water Supply and Sewerage Sector under JNNURM, Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana, Low Cost Sanitation Programme, Water Supply and Drainage Schemes of Municipalities and Municipal Corporations, Dalit Vasti Sudharna Yojana, private water connections to families of SCs and Nav-Boudhas in urban areas, SGNSA, Basic Services for Urban Poor (BSUP)/ Integrated Housing and Slum Development Programme (IHSDP), Rajiv Awas Yojana (RAY), Slum clearance work, Housing for Beedi labourers.	18.10
Fully Tied - Sector specific use required (other sectors)*	Modernisation of abattoirs, Mumbai Urban Transport Project, strengthening of Fire and Emergency Services, Seed Capital for Pune and Nagpur Metropolitan Regional Development Authority, MUIFP, Maharashtra Urban Infrastructure Fund (MUIF), Mumbai Metropolitan Regional Plan (MMRP), Transport Development under JNNURM.	8.63
Total	Total plan funds in urban sector	49.92

Sources: Refer Annex Tables A2.1, A2.3 and A2.5 for details of sources and assumptions.

Note: While most Non-plan state grants are fully untied and mainly used for establishment expenses, they can be used by ULBs for development work or ULB share of programmes/schemes, if required. No information on such use is however available.

* excluding Swarna Jayanti Shahari Rozgar Yojana (SJSRY) (actuals for SJSRY not available for 2009-10).

Fully tied funds, which are required to be spent on specific sectors or target groups like UWSS/transport/urban poor comprise a fairly large share of the funds accruing to ULBs. In Maharashtra, fully tied funds for UWSS/urban poor schemes with UWSS component comprise almost 36 per cent of total plan funds. Only about 17 per cent of the fully tied funds are for other sectors like

transportation, institutional development, fire and emergency services etc., reflecting the priority accorded to UWSS in urban development.

All tied funding places considerable emphasis on preparation of project proposals. Project preparation requires considerable capacity among ULBs, which at present, is largely confined to the MCs in the state. In recognition of this, GoM has created a support mechanism for project preparation through Maharashtra Urban Infrastructure Development Company Ltd. (MUINFRA). Lack of capacity of the smaller ULBs translates into low utilisation of funds transferred. As per municipal finance data in the Report of the 13th Finance Commission, average utilisation of about 45 per cent is reported by municipalities in the period 2005-08. On the other hand, municipal corporations have reported average fund utilisation of 200 per cent in the same period, pointing to their resource mobilisation/fund utilisation capacities. Better tracking of funds through regular management information system (MIS)-backed implementation monitoring and technical support is required.

Table 2.7: UWSS Share in Partially Tied Funding

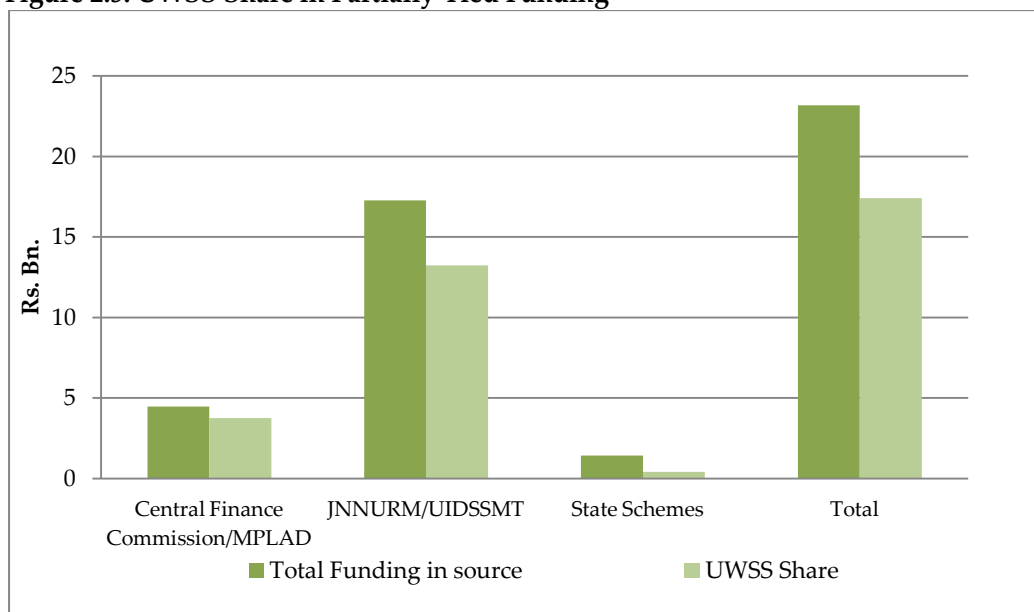
Grants/ Scheme	Total Funding – 2009-10	UWSS Share
	(Rs. in Billion)	Rs. in Billion (% to total funds)
Central Finance Commission/MPLAD*	4.47	3.76 (16.24)
JNNURM/UIDSSMT**	17.28	13.23 (57.08)
State Schemes	1.43	0.41 (1.78)
Total	23.18	17.41 (75.10)

Sources and notes: Refer Annex Tables A2.1, A2.3 and A2.5 for details of sources and assumptions.

Note: *MPLAD funds can be used for any kind of development work; no sector-specific use is required. Other than administrative approval from the concerned DC, they do not require preparation of elaborate technical proposals.

**JNNURM funds for which sector-specific use is specified, are not considered in the above analysis.

Figure 2.5: UWSS Share in Partially Tied Funding



Sources and notes: Refer Annex Tables A2.1, A2.3 and A2.5 for details of sources and assumptions.

In order to avail such funds, ULBs need to prepare CDPs with a wider perspective and Detailed Project Reports (DPRs) for specific components for schemes/programmes such as JNNURM, UIDSSMT and MSJNMA. For certain programmes like MSNA, only DPRs are required. Project preparation requires considerable capacity among ULBs and presently, such capacity is largely confined to the bigger MCs in the state. GoM is well aware of this and has created a support mechanism for project preparation by ULBs through MUINFRA.

Apart from project preparation, utilisation of funds depends on ULB capacity as well. Lack of capacity translates into low utilisation of funds transferred. This is the case with smaller ULBs (Table 2.8). Some funds e.g. MSNA require matching grants/ULB contribution upfront for approval/sanction of the first instalment. Inability to mobilise the same hampers access to funds for ULBs. Inadequate capacities among staff, again among smaller ULBs, to address procedural requirements for funds, pose a hurdle to access to such funds as well.

Table 2.8: Fund Utilisation by Municipal Corporations versus Municipalities

Total capital expenditure as % of estimated devolution	2005-06	2006-07	2007-08
	(Actual)	(Actual)	(Actual)
Municipal Corporations	197%	193%	233%
Municipalities	47%	53%	34%

Source: www.fincominindia.nic.in. Note: Total capital expenditure is assessed against total transfers/devolutions to ULBs.

Table 2.9 highlights the fact that on an average, ULBs in Maharashtra have a good track record of fund utilisation, with capital expenditure exceeding transfers. However, the overall average cloaks the fact that smaller ULBs are unable to utilise funds transferred. Performance can be improved through better tracking of funds based on regular MIS-backed implementation monitoring and technical support.

Table 2.10 indicates possible sources of funds (essentially, debt/deposits and own revenue) through which ULBs in the state may have financed the additional capital expenditure (over and above amounts transferred), which reflects resource mobilisation undertaken by them. The bulk of debt and deposits is accounted for by municipal corporations, as may be expected.³⁰

Table 2.9: ULB Capital Expenditure versus Transfers

	2005-06	2006-07	2007-08
Total devolution to ULBs (Plan and Non-plan) (Rs. in Billion)	21.28	30.88	39.80
Total capital expenditure by ULBs (Rs. in Billion)	28.72	42.32	65.05
Total capital expenditure by ULBs as a % of total funds transferred	135.0	137.0	163.5

Source: For total fund flow to ULBs: State Budgets; for ULB capital expenditure: www.fincominindia.nic.in

Note: Records of fund transfers through DMA/MJP are not readily available, hence an assessment of actual disbursement to budget allocation could not be undertaken.

³⁰ Weist (2004) and UNDP (2002) have also observed this for earlier years.

Table 2.10: Resource Mobilisation by ULBs (Rs. in Billion)

	2005-06	2006-07	2007-08
Debt + deposits of municipalities	1.31	1.88	1.47
Own revenue income of municipalities	4.2	5.07	5.60
Debt, deposits + Own Revenue of municipalities	5.46	6.95	7.08
Debt + deposits of Municipal Corporations	5.78	6.40	25.25
Own revenue income of Municipal Corporations	89.62	113.46	122.92
Debt, deposits + Own Revenue of Municipal Corporations	95.4	119.86	148.17
Total debt + deposits of ULBs	7.09	8.28	26.72
Total own revenue income of ULBs	93.77	118.53	128.52
Total Debt, deposits + Own Revenue of ULBs	100.86	126.81	155.25

Source: DES, (2006), (2007), (2008)

At present, systematic data on utilisation of grant/scheme funds is not available. Although ULB reports are submitted to various departments/agencies transferring funds (barring state grants, which are untied and do not require reporting), this information is not consolidated or analysed systematically at present. This information is presently not part of any comprehensive MIS. Only physical copies of reports are submitted for each fund separately and consolidated information is not available at state level.

Reform linked funding: With the launch of JNNURM by the central government in 2005, the concept of linking eligibility for urban development funding to commitment to specific reforms became widely prevalent. Under these programmes, state and local governments were required to sign a MoA with the Centre to undertake specific reforms over a seven-year period. Table 2.11 shows that the reforms initiated through this process are mainly related to governance and ULB finance. About 83 per cent of total funding for central government programmes and grants for the urban sector have been linked to implementation of reforms (Table 2.12). Following the trend set by the central government, GoM also introduced reform linked funding in its state programmes like MSNA and Nagarothan. About 10 per cent of state finance in the urban sector is reform-linked. Thus, about 60 per cent of total urban sector funds in Maharashtra have been tied to implementation of reforms. The approach of performance/reform-linked funding has met with varying degrees of success in different programme ULBs in the state, as discussed subsequently.

Table 2.11: Mandatory and Optional Reforms under JNNURM and UIDSSMT

ULB level mandatory reforms	State level mandatory reforms ³¹	Optional reforms ³²
Adoption of modern, accrual-based double entry system of	Implementation of decentralisation measures as per	Revision of bye-laws.

³¹ Where water supply and sanitation related schemes are concerned, state level mandatory reforms for repeal of Urban Land Ceiling and Regulation Act and Rent Control Act may be considered optional.

³² ULBs under UIDSSMT have the freedom to opt for any two reforms from the optional category in each year of implementation.

ULB level mandatory reforms	State level mandatory reforms ³¹	Optional reforms ³²
Accounting.	74 th CAA.	
Introduction of system of e-governance.	Repeal of Urban Land Ceiling and Regulation Act.	Simplification of procedures for conversion of agricultural land for non-agricultural purposes.
Reform of property tax with GIS.	Reform of Rent Control Laws.	Introduction of Property Title Certification System in ULBs.
Collection efficiency of property tax to reach at least 85%.	Rationalisation of Stamp Duty - to bring it down to max. of 5%.	Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for Economically Weaker Section (EWS)/ Lower Income Group (LIG) category
Levy of reasonable user fees to recover full cost of O&M.	Enactment of Public Disclosure Law.	Introduction of computerised process of registration of land.
Internal earmarking of funds for the urban poor.	Enactment of Community Participation Law.	Revision of bye-laws to make rain water harvesting mandatory and for reuse of recycled water.
Provision of basic services to urban poor.	Assigning or associating elected ULBs with "city planning function".	Administrative reforms, structural reforms and encouraging public private partnership (PPPs).

Source: Based on MoUD (n.d.)

Table 2.12: Extent of Reform Linked Funding

Source of Funding	Grants / schemes requiring reform commitments	Total reform linked funding (2009-10) (Rs. in Billion) (% to total plan funds in source)
Central programmes	JNNURM, UIDSSMT, BSUP and IHSDP (housing and services for the poor) – including state share of centrally sponsored schemes.	28.14 (82.45 %)
State programmes	Maharashtra Nagarothan Maha-Abhiyan (MSJNMA) and Maharashtra Sujal Nirmal Abhiyan (MSNA).	1.57 (10.26 %)
Total	Reform linked funding from central and state government as a share of total plan funds for UDD+WSSD+Housing.	29.71 (60.14 %)

Sources and notes: Refer Annex Tables A2.1, A2.3, A2.5 and 2.7 for details of sources and assumptions.

In case of JNNURM ULBs, the extent of reform internalisation and implementation in each programme ULB shows wide variation:³³ (a) all eight modules of e-governance prescribed by the Centre have been implemented by four of seven JNNURM ULBs, namely Nanded, Pune, Greater Mumbai and Nashik; (b) migration to double entry accrual accounting has been achieved by four JNNURM ULBs: Nagpur, Nashik, Pune, Greater Mumbai; (c) cities with coverage of >85 per cent properties include Pune, Greater Mumbai and Nanded; and cities with property tax collection >90 per cent include Pune and Nanded; (d) cities with 100 per cent O&M cost recovery in water supply and solid waste management include Pune, Nashik and Greater Mumbai; and (e) cities with internal earmarking for poor include Nagpur, Nanded, Nashik, Pune and Greater Mumbai. It is evident that while JNNURM cities in Maharashtra have performed better on the UWSS related reform front than other states accounting for three out of eight programme cities in India having achieved 100 per cent O&M cost recovery for water and three out of six programme cities in India that have achieved 100

³³ Based on MoUD data as on December 2010. www.jnnurm.nic.in

per cent O&M cost recovery in solid waste management. In terms of property tax reforms, only two of the seven JNNURM ULBs in Maharashtra have achieved targeted reforms.

In case of UIDSSMT ULBs, as on December 2009, double entry accounting system had been implemented in four out of 73 UIDSSMT towns, e-governance in seven, user charge related reforms in nine, internal earmarking for poor in ULB budgets in 26 and provision of basic services for poor in 17 programme ULBs. UIDSSMT programme ULBs in Maharashtra have shown the greatest progress in implementation of property tax reforms, with 31 of 73 ULBs having completed the same³⁴.

In terms of reporting on reforms, the Quarterly Progress Report (QPR) format for JNNURM/UIDSSMT has provision for reporting in terms of “completed”, “under progress” or “no action taken”. Hence, information on the quality of reform undertaken/“completed” is difficult to capture. There is need for better assessment of the quality of reform implementation in the state.

Policy emphasis of GoM on appropriate pricing and cost recovery for water and sewerage services is evident in notifications and resolutions issued from time to time.³⁵ In 2010, in order to aid achievement of the reform related to 100 per cent O&M cost recovery, GoM issued a GR³⁶ providing guidelines to ULBs for fixing water and sewerage charges with the aim of attaining financial sustainability of water and sewerage schemes. The GR essentially seeks to eliminate political hurdles to user charge enhancement, by providing the rationale for decision-support. Information on the status of compliance to the GR is not available yet.

Taking a leaf out of the central government’s book, GoM has initiated performance linked programme funding in the state through two of its programmes, MSNA and Nagarothan Scheme. Reforms under MSNA require a systematic reduction in inefficiencies in water supply and sanitation systems through water and energy audits to minimise losses, reduction in non-revenue water (NRW), metering and a systematic increase in tariffs/user charges. In order to monitor these reforms carefully, a CMU has been constituted at AILSG for data collection, data base management, data analysis etc., which is expected to make informed decisions on release of funds possible. Under this scheme, each ULB needs to enter into an MoA with the state, covering reform implementation measures to be undertaken by the ULB. Table 2.13 lists reforms required under Government of Maharashtra’s MSNA programme.

Reforms envisaged under the Nagarothan Scheme (MSJNMA) are on the lines of JNNURM/UIDSSMT. Modalities of the programme are the same as those for JNNURM: ULBs are required to submit CDPs and DPRs and enter into an MoA with the state government, committing themselves to implementation of envisaged reforms in a time-bound manner.

³⁴ TISS (2009)

³⁵ The Urban Development Department’s notification dated 1 April, 1997 specified minimum water charges to be levied on different types of consumers/types of connections. However, the notification was not complied with by a majority of ULBs in the state.

³⁶ Government Resolution Sr. No. 2009/Letter No. 207/ 09/ UDD. 20 dated 2 August, 2010: Guidelines for Urban Local Bodies for Fixing Charges of Water Supply and Sewerage Services from the Point of View of Attaining Financial Sustainability in Water Supply and Sewerage Schemes.

Table 2.13: Reforms under Government of Maharashtra’s MSNA Programme

Sector	Required urban reforms
Water Supply Management	(1) Regularisation of unauthorised connections, conversion of standposts to group connections; (2) 100% billing and recovery system to be developed; (3) programme of water audit, energy audit and rehabilitation to be taken up; (4) installation of flow meters for bulk water supply; (5) Public Sector Partnership (PSP) in billing and recovery, pumping station and overall management; (6) increase water supply and service hours; (7) levy appropriate water tariff to cover O&M expenditure and depreciation; (8) meterisation with ULB funding/partial private participation or privatisation; (9) participation in Nirbhay Yojana* for repayment of arrears (water bills and loans); (10) developing consumer redressal system and achieving 100% redressal; (11) adoption of appropriate methodology to ensure adherence to water quality standards; and (12) preparing bye-laws for rain water harvesting.
Sanitation Management	(1) Undertake survey of individual and public toilets available in the city; (2) preparation of detailed action plan to increase toilet facilities and make necessary provisions in budget; (3) repair unserviceable public toilets in city; (4) toilets in slums to be repaired on priority; construction of new toilets; (5) repair public toilets available for ladies; (6) repair and construct toilets in schools; (7) take private sector or non-governmental organisations (NGO) partners for efficient O&M of public toilets; (8) public toilets connected to sewer network; (9) individual toilets connected to sewerage system; and (10) achieving open defecation free cities.
Wastewater and sewerage Management	(1) Coverage of all properties with sewerage/sullage/drainage systems, (2) treatment and reuse of wastewater, (3) levy wastewater and sewerage user charge; (4) implement remedial measures for improvement/augmentation of existing system; (5) check Biological Oxygen Demand (BOD) of wastewater before and after treatment.
Solid Waste Management	(1) Mandatory 100% waste segregation at source; (2) introduction of door-to-door collection system; (3) develop systems for treatment of waste; (4) develop system to produce vermi-compost from domestic waste adopting appropriate technology and decentralised method; (5) system implementation for collection of waste from markets, hotels at specific intervals and cleaning of roads and public places; (6) develop revenue sources for ULBs through waste and PSP in these activities; (7) levy user charges for solid waste management (SWM); (8) establishing sanitary landfills; and (9) efficient transport facilities for waste.

Source: Based on GoM, WSSD, MSNA GR dated 22 October 2008, Annexure I.

*Note: Nirbhay Yojana is a scheme that waives off the interest on loans/other dues of ULBs, to help them start afresh with a clean slate.

There are major differences in capacities of different classes of cities in implementation of reforms. A Tata Institute of Social Sciences (TISS) Study on the status of urban reforms in Maharashtra³⁷ remarks that the differences are in terms of “administrative capabilities, financial resourcefulness, presence of civil society organisations and media and political patronage enjoyed...decisive factors which...decide the speed and quality of ongoing reforms”. It is evident that effective implementation of these reforms will require capacity building support to ULBs for development and implementation of

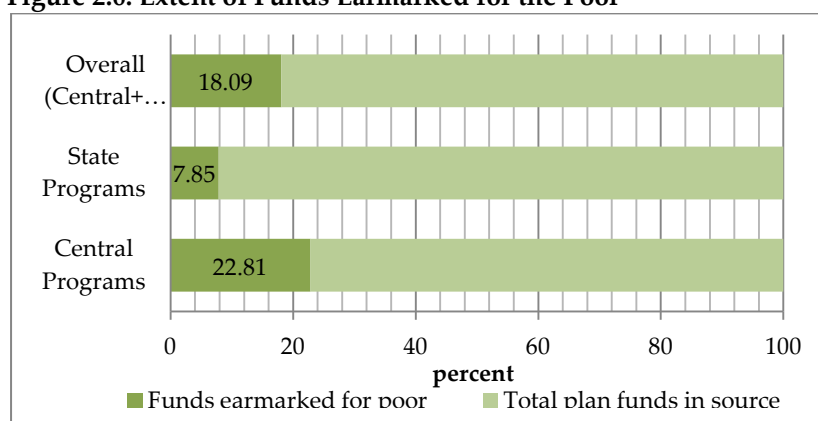
³⁷ TISS (2009)

performance improvement plans. It would be useful to review efforts in Uganda under the World Bank's Local Government Support Programme, where specific support is provided to support performance improvement of local governments, backed by third party monitoring. The performance areas identified are akin to those under JNNURM/UIDSSMT/MSNA/Nagarothan and include: "financial management, fiscal capacity, planning and budgeting, transparency and accountability, interaction between higher and lower local governments, human resource development, procurement, project implementation, and council functional processes".³⁸ However, there are three notable differences in terms of reform-linked funding and implementation that would be worth exploring further for Maharashtra: a) capital funding for infrastructure is provided only to those local governments that meet the minimum levels set for performance measures to ensure proper utilisation of funds, different from the time-bound reform programme under JNNURM, b) a specific capacity building grant that aims to support local governments in meeting these minimum conditions and improve performance, and c) "an assessment of performance is done in retrospect to reward local governments that perform well by giving them 20 per cent more funds and penalises those that perform badly by giving them 20 per cent less than their Local Development Grant allocation".³⁹ This assessment is based on third party monitoring.

The need for a systematic approach to performance assessment including specific parameters to assess goals of service delivery and related reforms needed to achieve these goals is understood. It would be worthwhile to explore the possibility of linking the performance monitoring/reporting systems of GoM's reward/incentive scheme - SGNsA and MSNA and GoI's Service level Benchmarking (SLB) initiative, which has a set of performance indicators for the development of decision-support tools for reform-linked funding.⁴⁰ The PAS⁴¹ being developed in the state provides an opportunity for this. Further clarity on goals and reforms as well as local actions for these basic services will allow a better link between reforms and defined service delivery goals, and make systematic assessment of these links possible.

Earmarking funds for the poor: Figure 2.6 shows that funds ear-marked for poor through various programmes in 2009-10 comprised about 18 per cent of the total plan funds in Maharashtra. The analysis also reveals that the share of funds for poor is higher in central funds (22.8 per cent) compared to the share in state funds (7.55 per cent).

Figure 2.6: Extent of Funds Earmarked for the Poor



³⁸ Ministry of Local Government (2006), p.4

³⁹ Ministry of Local Government (2006), p.4

⁴⁰ Based on GoI (2009)

⁴¹ Based on CEPT University (2011)

Sources and notes: Refer Tables A2.1, A2.3, A2.5, A2.7, A 2.11 and 2.13 for details of sources and assumptions.

Recent years have witnessed consolidation of pro-poor urban sector programmes at the central level. From the multiplicity of programmes for the poor in earlier years (e.g. Valmiki Ambedkar Awas Yojna (VAMBAY), National Slum Development Programme (NSDP), Integrated Low Cost Sanitation (ILCS) etc.) there is a move towards two major schemes, i.e., Basic Services for Urban Poor (BSUP) and Integrated Housing and Slum Development Programme (IHSDP) under JNNURM. The newly introduced Rajiv Awas Yojna (RAY) of the central government attempts to bring about 'slum free cities' through its two-pronged approach of 'slum redevelopment' as well as 'containment of future slums'. There is a distinct policy shift towards provision of housing in all of these schemes, rather than a focus on universal access to individual level basic services. While allocations for the poor have been increasing, researchers point out that the focus on housing would render such funds insufficient; on the other hand, achieving universal access to basic services with the quantum of funds available would be more realistic and achievable.⁴² Table 2.14 provides details of urban poor schemes currently being implemented in the state. It reveals the multiplicity of state-level programmes for poor and points to the need for consolidation of the same from the perspective of funding and monitoring of such programmes to achieve better tracking of outcomes and performance at ULB level.

Table 2.14: Selected Programmes/Schemes for the Urban Poor with Possible UWSS Funding (Rs. in Million)

Programme/ scheme	Purpose	Fund allocation criteria	Funding pattern	Average annual allocation
Government of India Programmes				
Integrated Low Cost Sanitation (ILCS) (2009-12)	To provide low cost sanitation facilities to urban poor; Liberation of scavengers	Preparation of project proposals	GoI:GoM:75:15 10% contribution from ULBs/beneficiaries	38
NSDP (1996-06)	To provide basic services in urban slums; Subsumed under JNNURM/UIDSSMT.	-	Centre: 70% loan and 30% grant	338
VAMBAY (2001-05)	To provide housing to urban poor; Subsumed under JNNURM/UIDSSMT.	-	-	543
BSUP (2009-12)*	To provide shelter and basic services to urban poor in JNNURM cities; convergence of all central housing and infrastructure programmes for poor.	Allocation of funds among states is on the basis of their proportion of population living in urban slums to total urban slum population in the country.	Centre: State: ULB 50:20:30	8206
IHSDP (2009-12)*			Centre: State/ULB: 80:20; Minimum beneficiary contribution of 12% for General category and 10% for SC/ST/ weaker sections included in 20% State/ULB share.	4309
RAY (2010-12)	To provide housing and basic services to urban poor along with tenure security; to achieve a 'Slum-free India'.	Based on the Slum-Free Plans of Action (PoA) prepared by the states.	Central share: 50% Minimum state share: 20%. Minimum beneficiary contribution 12% In case of weaker/ disadvantaged households: 10%.	547

⁴² See for example Mehta and Mehta (2010) and Kundu and Samanta (2010).

Programme/ scheme	Purpose	Fund allocation criteria	Funding pattern	Average annual allocation
Government of Maharashtra Programmes				
UDD				
Providing facilities to Dalit Vasties in Urban areas (2005-12)	Provision of basic infrastructure in SC localities.	-	90% grant from state, 10% from ULB/beneficiary.	1450
Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana (2010-12)	Provision of free houses for conservancy staff of all ULBs who have completed a minimum of 25 years of service.	-	100% state.	140
WSSD				
Individual Water and Toilet Facilities to SCs and Nav-Boudhas (2010-12)	To provide toilet with water connection.	Project preparation by ULB.	Grant for toilet connection: Rs.12,000. Grant for water connection: Rs.4,000.	475
Nagri Dalit Vasti Water Supply Schemes (2006-12)	Provision of basic infrastructure in SC localities.	Administrative sanction from DC for proposal prepared by Dalit Vasti Management Committee in notified dalit vasti ward.	90% grant from state, 10% from ULB/beneficiary.	92
Housing Department				
Slum Clearance Works (2010-12)	-		100% state	480
Subsidy to Beedi Workers for Housing (2009-12)	Housing and infrastructure.	Subsidy per household: Rs. 20,000.	100% state	131

Source: Annex Tables A2.10; For VAMBAY and NSDP: TISS (2009)

*Note: Budget documents of Housing Department for previous years are not available, hence for the purpose of estimation of average annual allocations for BSUP/IHSDP, available data for 2009-12 were used.

Slum improvement works for specific slums (one-off projects) are not considered in the above analysis.

Under JNNURM, the following pro-poor reforms are required to be undertaken by ULBs: (a) Internal earmarking within ULB budgets for basic services to the urban poor, which requires reforms in budgeting and accounting systems and setting targets for expenditure incurred on delivery of services to the poor,⁴³ (b) provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of the government for education, health and social security in a time-bound manner, and (c) earmarking at least 20-25 per cent of developed land in all housing projects (both public and private) for Economically Weaker Section (EWS)/Low Income Group (LIG) category households with a system of cross-subsidisation so that land is available for affordable housing for the urban poor.

⁴³ The Ministry of Housing and Urban Poverty Alleviation (MHoUPA) recommended norm is "25% of municipal budget including funds flowing from higher level governments" ... (to be adopted by) "the State and each municipal body of the State".

With respect to pro-poor reforms mandated by the central government, GoM has taken the following steps:

Issued *Government Order No. TBP 4307/2226/CR-334/2007/UD-II dated 17th July 2008* directing all municipal corporations and councils to modify their Development Control Regulations (DCR) to provide: 10 per cent area in form of 30 to 50 sq. m plots for EWS/LIG and 10 per cent in the form of 50 to 100 sq. m. plots for Middle Income Group (MIG) in any sub-division of land measuring 2000 sq. m. and more; and 10 per cent tenements for each EWS/LIG Group (30 to 40 sq. m.) and MIG group (41 to 60 sq. m.) for layout of land measuring 4000 sq. m. and more. The State Housing Policy, 2007 reiterates this policy; the directive is at various stages of implementation in different ULBs.⁴⁴

With regard to internal earmarking of funds by ULBs for poor, according to a report published by MHADA, GoM has stated that “25 per cent of total budget amount of urban local body should be earmarked towards BSUP. All urban local bodies are directed to make a provision for poor fund. All urban local bodies whose projects are sanctioned under BSUP and IHSDP have earmarked budget for urban poor and provision up to 25 per cent of budget for urban poor will be achieved during the mission period”.⁴⁵ However, no specific government resolution/order has been issued in this regard in response to JNNURM reform requirements.

An earlier provision under Section 63(2): 2(a) of the Bombay Provincial Municipal Corporation (BPMC) Act, 1949 requires municipal corporations to use 10 per cent of their own income for the purpose of providing basic facilities like water supply, drainage, sanitation, street lights, medical aid, slum clearance and such other matters in areas predominantly populated by members of Scheduled Castes, Scheduled Tribes and other socially and economically backward class of people. It also requires that if the expenditure so provided for is not fully incurred in the official year for which it is provided, the balance shall be carried forward in the budget of the next succeeding year.⁴⁶

For municipal councils, *Circular No.STC/1088/CRO4/88 dated 21st January, 1988* was issued by DMA, GoM for preparation of budget estimates in municipal councils. Section 4 (a) of the circular states that 5 per cent of the ULB’s income must be earmarked for welfare of people belonging of EWS category. This circular continues to be applicable to all municipal councils in Maharashtra.

Despite all the above directives and stated goals, it is difficult to assess actual allocations for the poor by ULBs owing to lack of separate ULB-wise data on this aspect. JNNURM reform also requires each ULB to set up a ‘Basic Services for Urban Poor Fund’, formulate rules for contribution to and disbursement from this fund, as well as, “create and operate an appropriate budgetary mechanism to ensure that funds allocated for the poor get spent on the poor”.⁴⁷ Data available for five sample JNNURM ULBs (Navi Mumbai, Thane, Kalyan-Dombivili, Mira-Bhayandar and Ulhasnagar) indicates that three ULBs – Thane, Mira Bhayandar and Ulhasnagar, have completed the process of earmarking BSUP funds in their budgets, while it is underway in Kalyan-Dombivilli and Navi

⁴⁴ World Bank (2010), draft report, presents a financial assessment of a sample of 5 MCs and 2 municipalities in Maharashtra, including the status of reforms in each, which indicates differences in achievement of reform targets in each.

⁴⁵ MHADA Report quoted in TISS (2009)

⁴⁶ The BMC Act 1949 (*Section 63(2): 2 [(a)]*).

⁴⁷ Based on NIUA (2010)

Mumbai.⁴⁸ However, no consolidated information is available on actual spends for urban poor by all ULBs at the state level. An assessment by TISS for JNNURM/UIDSSMT programme ULBs in 2009 reveals that ULB level allocations for the poor vary, depending on the policy directive followed.⁴⁹ However, the overall trend in increased allocation for the poor suggests that if properly planned, there would probably be sufficient funds to provide basic service access to all the urban poor.

Horizontal equity between municipal corporations and municipalities:

Government funding for larger cities/municipal corporations has been significantly higher than that for municipal councils. This imbalance in funding becomes even more apparent when viewed against the population share of MCs and councils. As part of central programmes and grants in the last four years, on an average, 91 per cent funds have been earmarked for MCs— considerably higher than their population share of 71 per cent, and only 9 per cent earmarked for municipalities against a population share of 29 per cent. Though average allocation by the state over the past four years for municipalities (30 per cent) is higher/similar to their population share, the overall share of municipalities in central and state funding for UWSS has declined steadily from about 30 per cent in 2005-06 to 6 per cent in 2010-11. MCs also contribute about 19 per cent of total UWSS sector funds, while municipalities contribute only about 0.1 per cent. This disparity is in part a reflection of lower capacity of municipalities. (Table 2.15).

As discussed before, access to funds requires project preparation and follow-ups with state government agencies. Considering this, the state government under its recently launched Nagarothan Scheme has set up a Project Development Fund under MUINFRA to support ULBs through consulting services for preparation of CDP and DPRs. In addition, under Nagarothan Scheme, the state government has empanelled technical consultants to support ULBs in preparation of these documents⁵⁰. However, capacity building of ULBs and local technical consultants needs increased focus to ensure actual improvement in service delivery and service efficiency rather than achieve asset creation alone.

Table 2.15: Share of Municipal Corporations versus Municipalities in UWSS Finance, 2005-11 (%)

		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Average 2005-06 to 2010-11
Central Programmes and Grants (CPG)	Municipal Corporations (MCs)	12.1	57.9	92.2	93.1	82.2	93.6	71.9
	Municipalities	45.1	38.3	6.0	5.4	16.9	5.7	19.6
	not earmarked	42.8	3.8	1.7	1.5	0.9	0.7	8.6
	Rs in billion	0.52	5.74	12.45	13.16	23.16	16.81	12
State Programmes and Grants (SPG)	MCs	67.5	73.8	66.5	58.9	73.1	77.2	69.5
	Municipalities	27.0	21.6	33.0	41.1	26.5	18.5	28.0
	not earmarked	5.5	4.6	0.5	0.0	0.5	4.3	2.6
	Rs in billion	2.37	1.94	2.43	2.79	4.97	6.15	3
ULB Contribution (ULB)	MCs	0.0	100.0	100.0	100.0	97.7	99.1	82.8
	Municipalities	0.0	0.0	0.0	0.0	2.3	0.9	0.5
	Rs in billion	0.00	1.51	3.41	5.13	7.49	12.02	5
	Total UWSS Finance	57.5	68.2	90.3	90.2	84.2	92.6	80.5
	Municipalities	30.2	28.4	8.5	8.8	15.1	6.3	16.2
	not earmarked	12.3	3.4	1.2	0.9	0.6	1.1	3.3
	Rs in billion	2.89	9.19	18.29	21.08	35.61	34.97	20

⁴⁸ Based on World Bank (2010), draft report.

⁴⁹ TISS (2009)

⁵⁰ For empanelment of consultants for preparation of CDPs: GOM UDD GR No. NAGARO-2010/Pra No. 267/Navi-33 dated 3 November, 2010; and for empanelment of consultants for preparation of DPRs: GOM UDD GR No. NAGARO-2010/Pra No. 267/Navi-33 dated 4 November, 2010

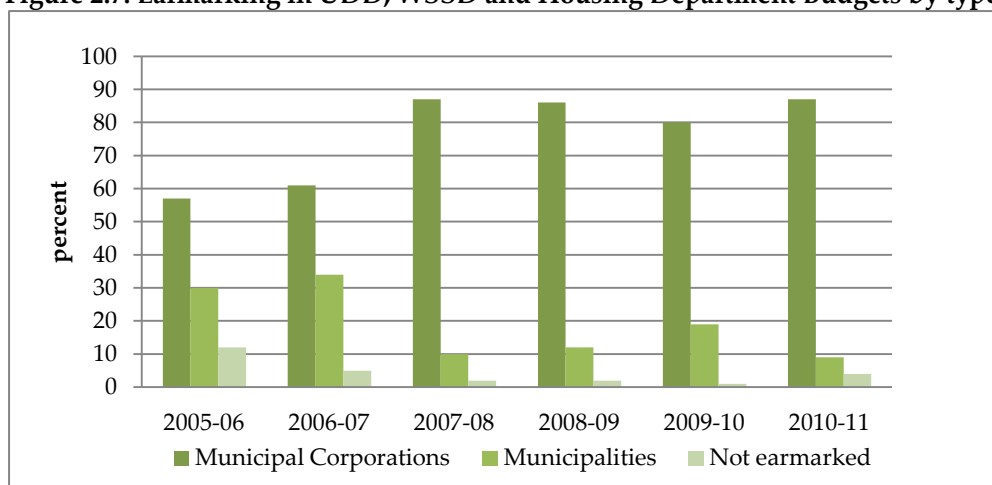
Source: Refer Annex Table A2.9 for details.

Table 2.16: Sources of UWSS Finance for Municipal Corporations versus Municipalities, 2005-11 (%)

		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Average (2005-06 to 2010-11)
Municipal Corporation (MC)	CPG	3.8	53.0	69.6	64.4	63.5	48.6	50.5
	SPG	96.2	22.8	9.8	8.6	12.1	14.7	27.4
	ULB	0.0	24.2	20.7	27.0	24.4	36.8	22.2
UWSS Finance in MC (Rs. in billion)	Total	1.66	6.27	16.51	19.02	29.99	32.38	17.64
Municipalities	CPG	26.9	84.0	48.5	38.3	72.5	43.3	52.2
	SPG	73.1	16.0	51.5	61.7	24.4	51.5	46.4
	ULB	0.0	0.0	0.0	0.0	3.1	5.1	1.4
UWSS Finance in Municipalities (Rs. in billion)	Total	0.87	2.62	1.55	1.86	5.39	2.21	2.42
Not Earmarked	CPG	62.9	71.3	94.5	100.0	90.0	32.1	75.1
	SPG	37.1	28.7	5.5	0.0	10.0	67.9	24.9
	ULB	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UWSS Finance not earmarked (Rs. in billion)	Total	0.36	0.31	0.23	0.20	0.23	0.39	0.28
Total UWSS Finance (Rs. in billion)		2.89	7.68	14.88	15.95	28.13	22.95	15.4

Source: Refer Annex Table A2.9 for details.

Figure 2.7: Earmarking in UDD, WSSD and Housing Department Budgets by type of ULB



Source: Refer Annex Table A2.6 & A2.9 for details.

2.5. Sustainability and Local Absorption Capacity

The state is heavily dependent on central funds for UWSS. In order to cover gaps in water and wastewater services as on 2009, improve service delivery performance and financial viability, investments to the tune of Rs. 187 billion are estimated. Using per capita investment norms for incremental population, additional investment requirements of Rs. 11 billion per annum are estimated. Average annual capital investments in UWSS in the past three years have been in the

range of Rs. 30 billion. Considerable efforts shall be required in resource mobilisation for the sector by the state and ULBs in order to close the gap quickly and keep pace with urbanisation in the state. The analysis also suggests sustainability concerns for recurrent funding, which are compounded by gaps in human resource capacity and lack of focus on structural reforms linked to staff performance incentives.

Successful decentralisation entails functional and fiscal decentralisation well matched with adequate funding through local revenues and from inter-governmental transfers. Absence of this leads to imbalances in service delivery as well as issues in sustainability of services.

While the level of funding of UWSS investments has increased significantly over the past seven years, it needs to be further fortified through increased allocations and serious resource mobilisation efforts to be able to achieve the immediate objectives and targets of the state government. Besides, there is the issue of long term sustainability of these investments. The following aspects need close attention to improve the chances of long term sustainability: the need for adequate expenditure on operation and maintenance for sustainable UWSS services, extent of cost recovery at least of O&M (recurrent) costs to be able to operate services effectively and generate at minimum an adequate surplus for immediate capital investment requirements and adequate human capacity in the ULBs for good, consumer responsive service delivery. The staff adequacy issue is also linked to incentives for staff to ensure good performance in delivery of water supply and sanitation services.

Investment funding to meet state government targets: With the MSNA programme and Vision 2020 of WSSD, GoM has set service delivery targets like ensuring 100 per cent access to water supply connections and safe and hygienic sanitation facilities at the door-step. Based on block cost norms derived from recent projects executed in Maharashtra, the total investment required to meet these targets/fill the backlog in service delivery as of 2011 for water and wastewater is estimated at Rs. 161 billion. Activities like water audit, energy audit, metering of water supply connections and identification of all consumers to help improve service delivery and financial viability and ensure benchmark values are met, which have been initiated by GoM are estimated to cost an additional Rs. 25 billion, placing the total fund requirement to address the backlog up to 2011 at Rs. 187 billion. Annual allocations for UWSS over the past three years have averaged at Rs. 40 billion, of which Rs. 30 billion per annum is estimated to have been allocated for water supply and wastewater, with 80 per cent funds for these sectors coming from the central government. While the present water and wastewater infrastructure gaps can be met in about six years at present levels of funding, the needs of incremental population, estimated at about Rs. 11 billion per annum using average per capita investment cost norms defined by the High Powered Expert Committee (HPEC), will not be met.⁵¹ Hence, in order to achieve its targets, the state will need to increase allocations for the sector, and both state and ULBs shall have to make greater efforts for resource mobilisation and examine options such as public private partnership (PPP), municipal bonds and pooled financing. Efforts such as Nagpur Municipal Corporation's privatisation of water production through a 15 year design, build, operate contract need to be initiated in other large ULBs, to reduce the burden on the municipal exchequer. At the same time, it will be worthwhile to review norms and priorities e.g. traditional sewerage versus Fecal Sludge Management, options or decentralised wastewater management options to reduce investment requirements.⁵²

⁵¹ HPEC (2011)

⁵² Pethe, A and Mala Lalvani (2006) state that "improving overall finances of the ULBs in general would involve various steps like: prudent management; spending resources on appropriate items; cutting costs; minimising unproductive expenditure by spending on identified priorities; selection of appropriate low cost technologies; proper maintenance and timely replacement of exhausted infrastructure; private sector participation; and identification of socially essential subsidies and elimination of inessential ones. ULBs would need to improve on

(In)Adequacy of O&M Expenditures and Recovery of O&M Costs. This section looks at the adequacy of O&M expenditure using norms suggested by a recent report of the HPEC.⁵³ The actual expenditure in 2009 by sample ULBs is compared with required O&M expenditure estimated using HPEC norms, revealing a huge gap, the extent of which varies across sectors for different ULB classes (Table 2.17). Comparison of per capita actual expenditure to O&M norms for water and sewerage highlights the huge gap. MCs spent Rs. 306 and Rs. 40 per capita on O&M for water and sewerage respectively, which is only 55 per cent and 12 per cent of the required level. The smaller ULBs also show gaps, with O&M expenditure for water and sewerage ranging between 29 per cent to 67 per cent of requirement. In addition, there are O&M fund requirements for solid waste management and storm water drainage as well.

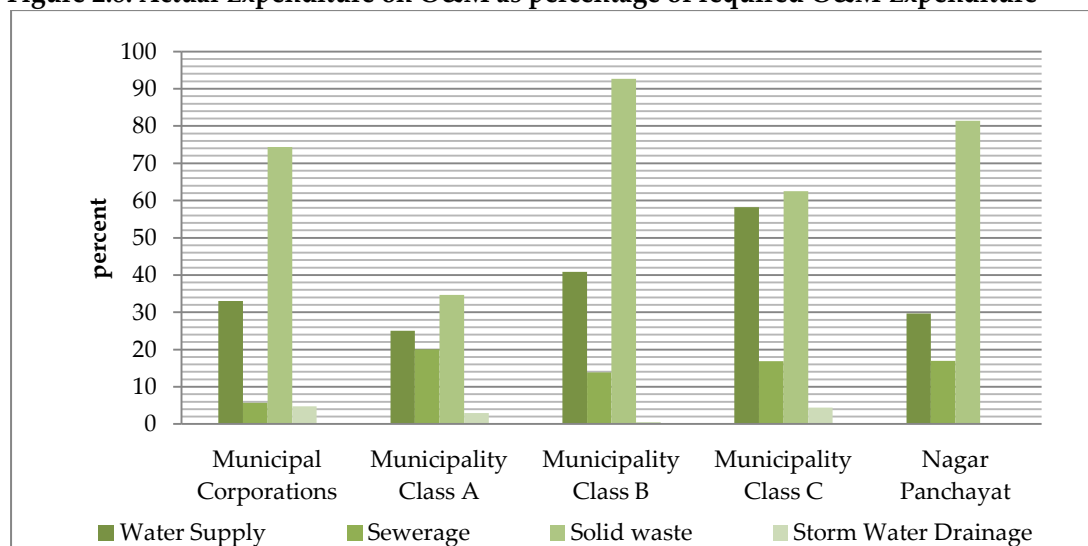
Table 2.17: Requirements and Gaps in Meeting O&M Expenditures for UWSS Sector – 2009

ULB category	Actual expenditure as % of required O&M Expenditure*				
	Water Supply	Sewerage	Solid waste	Storm Water Drainage	UWSS
Municipal Corporations	33.00	5.72	74.40	4.75	29.29
Municipality Class A	25.05	20.04	34.70	2.95	23.17
Municipality Class B	40.89	13.89	92.64	0.52	37.46
Municipality Class C	58.17	16.92	62.47	4.39	44.03
Nagar Panchayat	29.66	17.00	81.43	ND	34.74

Source: Results from 2009 survey of all ULBs under CEPT University's PAS Project

*Based on data reported by 84%, 46%, 60% and 9% cities for water, sewerage, solid waste and drainage respectively.

Figure 2.8: Actual Expenditure on O&M as percentage of required O&M Expenditure



Source: Results from 2009 survey of all ULBs under CEPT University's PAS Project

*Based on data reported by 84%, 46%, 60% and 9% cities for water, sewerage, solid waste and drainage respectively.

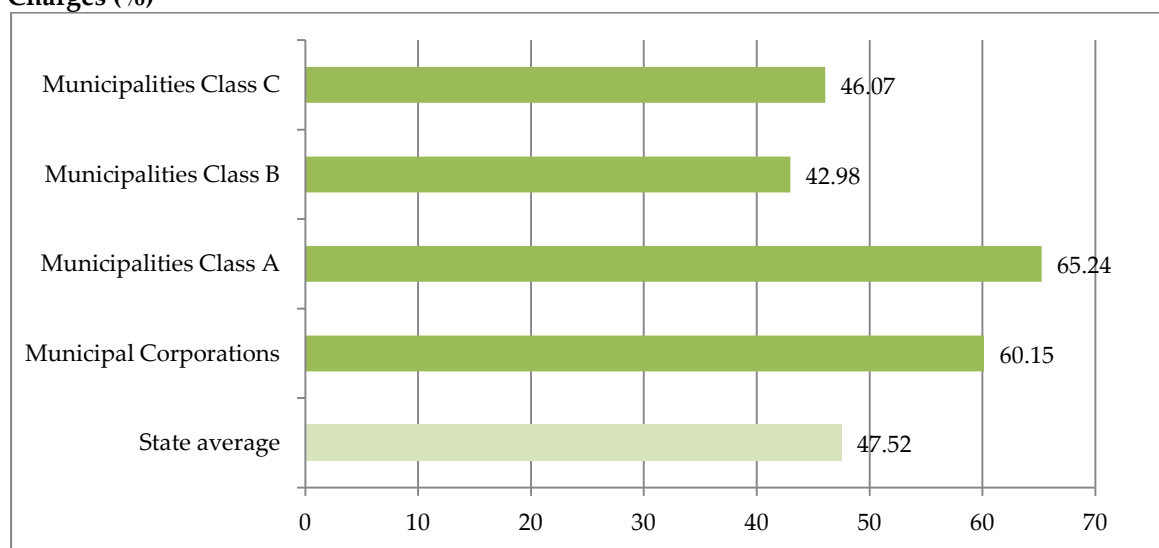
both fronts, viz. improve implementation of existing sources of revenue and tap new sources". They argue for the need to create self help groups of local bodies where strengths of one would complement weaknesses of another and a system of capital market access by ULBs without state as intermediary could be set up.

⁵³ HPEC (2011)

The under spending on O&M suggests that maintenance is deferred, which increases future requirements for investments. The O&M fund constraint is a major cause for concern and bridging this gap shall be the key to the overall performance of the sector in Maharashtra.

Although among JNNURM cities in India, three cities in Maharashtra (Nashik, Pune, Greater Mumbai) have reported 100 per cent O&M cost recovery in water supply and solid waste, this is not the case in other cities in the state. Table 2.20 shows that less than 50 per cent of O&M expenditure for water and wastewater is presently recovered through local taxes and charges. MCs and class 'A' municipalities fare better than smaller towns in this regard. Full O&M cost recovery is a mandatory reform not only under JNNURM but also under GoM's MSNA and Nagarothan schemes. Systematic planning and appropriate tariff setting at ULB level would be the key to achievement of this reform.

Figure 2.9: Recovery of O&M Expenditure for Water and Wastewater through Local Taxes and Charges (%)



Source: Results from the 2009 survey of all ULBs under CEPT University's PAS Project

*Based on data reported by 83% cities.

The GoM has initiated the process of water charge revision by drafting a resolution instructing all ULBs to fix minimum water charges specified on the basis of size class of ULB (check if resolution passed). At the same time, it is promoting reduction of inefficiencies in service delivery. If the latter is achieved, it may be possible to significantly bring down the required increase in tariffs for full recovery of O&M costs.

Analysis of municipal finance in Maharashtra for the past three years suggests that the share of municipal own income to total income is, on an average, 85 per cent for MCs and 31 per cent for municipalities (Table 2.18). The share of own income to total income shows a declining trend in both MCs and municipalities in the state. The analysis reveals the extent of dependence of ULBs on funding from higher levels of government, which may hamper the sustainability of UWSS services in future.

Table 2.18: Municipal own revenue to total revenue (%)

	2005-06	2006-07	2007-08
Municipal Corporations	87.2	84.7	82.5
Municipalities	35.6	30.6	27.1

Source: Municipal finance data from: <http://fincomindia.nic.in/>

Note: Own revenue includes own tax and non-tax revenue sources of ULBs.

Human resources capacity among ULBs: Hand in hand with fiscal capacity, a key issue is that of human resource capacity with ULBs. Table 2.19 presents the staffing status for water, wastewater and solid waste management in different size classes of ULBs in Maharashtra in terms of sanctioned posts versus available staff strength. The information available reveals only part of the picture; while Table 2.22 indicates that water supply and solid waste management are better staffed sub-sectors, the data does not reveal whether adequate number of technical staff is available. In the absence of such data, it is difficult to comment on human resource capacities of ULBs in the state.

Table 2.19: Availability of Human Resources for UWSS among ULBs

	Water Supply	Waste Water	Solid Waste Management
Total filled staff positions as % of sanctioned strength			
Municipal Corporations	77	63	93
Municipality Class A	85	85	85
Municipality Class B	99	73	88
Municipality Class C	110	62	91
NP	54	62	95

Source: Based on results from 2009 survey across all ULBs under PAS Project. Sanctioned staff strength is as reported by ULB.

GoM has specified a generic staffing pattern by class of ULB, which can be suitably adjusted to account for differences in population. The Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 create the cadre of municipal engineers and define their powers related to technical sanction.⁵⁴ Municipal cadres defined by the Act include engineers, accountants, tax specialists, auditors and town planners. GoM has through a Gazette Notification in 2010 announced an amendment to its Municipal Act, introducing minimum qualifications for staff appointed to municipal cadres.⁵⁵ Lack of data does not permit an assessment of impact of these directives/reforms on the staffing structure of ULBs in the state.

As mentioned earlier, GoM has initiated the process of providing support to ULBs for project development for the Nagarothan Scheme through a Project Development Fund created under MUINFRA. However, this will not be able to build capacity issues for project development and implementation, especially among smaller ULBs. It may be useful to draw upon the successful experience of some African countries such as Mali and Senegal, which have put in place technical support and maintenance contracts.⁵⁶ The smaller ULBs receive professional support for routine operations such as meter reading and pump repairs as well as for specialist services such as financial management, tariff setting, expansion and business planning, efficiency improvement for NRW, tariff collections and grievance redressal.

Structural reforms for performance incentives for staff. Though staff strength in ULBs in terms of numbers and staff capacity is important, it is increasingly recognised that in order to have a

⁵⁴ Sections 72 and 75 (A) of the Municipal Councils Act.

⁵⁵ GoM, UDD, Gazette Notification Extraordinary: Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships State Services (Absorption, Recruitment and Conditions of Service) (Amendments) dated 28 January, 2010. This was in response to the fact that ULBs in the state, especially the smaller ones, were staffed by personnel with poor qualifications, as learnt from previous research. Refer for example, Weist (2004), Volume II: pp 46.

⁵⁶ For Mali: Allely, D. (n.d.); For Senegal: Fall (n.d.).

motivated workforce, it is important to ensure that staff has the necessary incentives for better performance. This is linked to administrative and structural issues. While some of these issues are addressed in JNNURM administrative and structural reforms, it is difficult to gauge how well they are internalised in implementation.

The GoM has made significant efforts in recent years to improve the staffing pattern and salary and incentives for ULB staff in the state. The Sixth Pay Commission's recommendations for municipal employees have been implemented; the Special Assistance Grant now includes octroi, Dearness Allowance (DA) grant, pensions as well as the amount required to fill the gap as per Sixth Pay Commission recommendations. Pay scales/salaries of municipal staff are now uniform across ULBs. In order to be able to reward good performance, the importance of strengthening internal systems and processes and citizen interface, which are part of JNNURM reforms, is increasingly recognised. These reforms also refer to the use of standardised service level benchmarks to periodically measure and report on the same. Performance on SLB indicators should ideally be linked to staff performance assessments as well. Several GoI ministries have introduced staff performance assessments as part of their Results Frameworks documents; it may be worthwhile to look at the possibility of adapting these to the context of the urban/UWSS sector in Maharashtra.⁵⁷

In addition to these measures, it would be useful to also explore operational independence for water and sewerage services for some of the larger municipal corporations. For example, in recent years, Municipal Corporation of Greater Mumbai (MCGM) has sought to explore operational independence for its water supply and sewerage services, in line with its municipal undertaking for bus transport and electricity. Nagpur Municipal Corporation on the other hand, has formed a separate company called Nagpur Environmental Services Limited (NECL) and transferred 427 employees from its Water Works Department to the company, with the objective of achieving 24x7 water supply by bringing in efficiencies associated with the private sector. While doing this, however, it would be good assess performance of such utilities in India which have less autonomy in staff recruitment, remuneration and procurement, which are considered important in the more successful utilities in Africa and Asia.

2.6. Measures to Strengthen Sector Finance Arrangements

Measures to strengthen UWSS sector finance focus on improving service delivery orientation in financing and include: processes and guidelines for enhanced resource mobilisation and promotion of responsible local borrowing, increasing predictability, fiscal consolidation, effective and uniform implementation of earmarking of funds for poor, sustainable capacity support to ULBs through innovative market based solutions and improving sustainability through local cost recovery and human resource capacity.

The analysis presented above clearly reveals that over the past seven years, investments in urban infrastructure has received a high priority, of which investments in urban water and sanitation have comprised a significant share. The state is heavily dependent on central funds for the sector; increased allocations by the centre in the past were possible due to economic growth and related rise in public resources in the past. Continued funding for the sector by the centre will depend on similar considerations. While state budgetary allocations for the sector in recent years (2009-10 – 2011-12) have increased, the rise is largely observed due to state share in central programmes. Increased allocations by the state for the sector will be required in order to close the gap in infrastructure quickly and keep pace with urbanisation in the state. Besides, several issues other than investment funding will have to be dealt with to ensure improved service delivery. In particular, sustainability

⁵⁷ MoUD (2011) and MHUPA (2011)

concerns for recurrent funding need to be addressed, along with a host of issues related to human resource capacity.

Predictability and timeliness of transfers: Only about 16 per cent of funds are presently formula-linked and therefore, predictable. There is a need to increase predictability of transfers to give ULBs a better idea of the likely availability of funds in the medium term and enable them to engage in more effective planning for UWSS on a citywide scale. An evaluation of JNNURM reform implementation reveals that implementation of some reforms were delayed due to delays in transfer of JNNURM funds to ULBs in the state.⁵⁸ With regard to state grants, simplification of rules for revenue sharing, transparency related to revenue sharing formulas, coupled with clear statement of policy objectives needs to be undertaken by subsequent State Finance Commissions of Maharashtra, all of which are expected to lead to greater predictability of transfers. With respect to timeliness, ever since electronic transfers to ULBs by DMA were made mandatory, timeliness of a bulk of transfers to ULBs in the state is reported to have improved.

Need to promote responsible local borrowing. Data reported in Economic Surveys of GoM for the years 2005-08 reveals that loans and deposits have grown from roughly 4 per cent of total receipts for municipal corporations in 2005-06 and 2006-07 to about 14 per cent in 2007-08. On the other hand, for municipalities, they have declined from about 9 per cent of total receipts in 2005-06 and 2006-07 to 6.6 per cent in 2007-08. A fairly large proportion of ULBs in the state have an exposure to debt. Though the governing Acts in Maharashtra provide for borrowing by municipal corporations, there are no enabling legislations/guidelines for municipalities on debt and its management. The state government has taken significant steps to facilitate greater local borrowing to finance infrastructure development, with MUINFRA as an intermediary. However, the current practice of interception of transfers by the state for repayment of local loans (state guaranteed loans or open market borrowings) diminishes the responsibility of ULBs related to borrowing, as also predictability of transfer. Most of the existing ULB debt is believed to have been incurred in a system with less incentive to repay debt. The possibility of restructuring of such debts on the lines of Tamil Nadu, with strict enforcement of repayment coupled with greater transparency and incentives for enhanced credit ratings must be considered by the state government. In order to meet the huge investment requirements for the sector (and not only for O&M cost recovery), the state government needs to define guidelines and processes to enable ULBs, especially smaller ones to raise resources/implement and manage projects through PPP, municipal bonds/pooled financing mechanisms.

Effective and uniform earmarking for the poor across ULBs. Presently, as part of JNNURM reforms, the Ministry of Housing and Urban Poverty Alleviation (MoHUPA) recommended norm for internal earmarking for programme ULBs is 25 per cent of municipal budgets including funds from higher level governments. There is need for uniform policy on earmarking for poor; presently, several JNNURM/UIDSSMT ULBs continue to cite the 1988 GR and earmark only 5 per cent of their funds for the poor, similar to non-Mission cities.⁵⁹ A uniform state-wide policy on earmarking for the poor is clearly required in Maharashtra, as in Gujarat and Andhra Pradesh, where the policies of 20 per cent and 40 per cent internal earmarking of funds for poor respectively, are adopted. A system that regularly tracks such allocations, expenditures and outcomes is required hand in hand with adequate information on all slums/poor settlements. In addition, there is need for consolidation of programmes for urban poor and UWSS, which presently follow several funding routes, leading to fragmented outcomes and parallel systems of monitoring and reporting.

⁵⁸ TISS (2009)

⁵⁹ TISS (2009)

Technical support to smaller municipalities. GoM has taken the right step in this direction by giving MUIINFRA the mandate to provide technical support in project preparation for Nagarothan Scheme to ULBs in the state. However, MUIINFRA as an organisation is constrained by the lack of adequate number of technical staff with requisite skills to manage empanelled consultants and monitor their quality of work. Moreover, capacity building at local level may not be adequately addressed through this. The issue needs to be addressed quickly to ensure quick scaling up of its efforts to all ULBs. Empanelment of consultants by the state for project preparation for specific programmes as well as of small service providers in the private or NGO sectors for surveys, regularisation of illegal connections and billing and collection is the kind of support most required by small ULBs would be the key first step. Handholding of the smaller ULBs by such organisations for capacity building would be required.

Addressing key staffing challenges. GoM has taken significant steps in the arena of human resource development in terms of creation of municipal cadres, adoption of rules for recruitment and qualifications, implementation of Sixth Pay Commission recommendations for pay, dearness allowance and pensions to municipal staff. Although recent data on technical staff availability is not available, earlier research suggests that “poor qualifications of a large number of staff, the declining pool of experienced staff due to impending retirements in the medium term and significant mismatch of skills, especially in technical areas” are concerns to be addressed by ULBs in Maharashtra.⁶⁰ The present situation (post-reforms and steps taken by GoM) needs to be assessed with more recent ULB level data.

A key issue related to staffing is that of performance incentives to staff. While the administrative and structural reforms under JNNURM/UIDSSMT are under way in the JNNURM ULBs, only about 50 per cent of the UIDSSMT ULBs have been able to initiate such reforms and obviously require support. The administrative reforms under JNNURM indicate ways of rewarding good performance, highlighting the importance of strengthening internal systems and processes and having a robust citizen interface. The reform also refers to the use of standardised service level benchmarks to periodically measure and report ULB performance on the same. These should ideally be linked to staff performance assessments. It would be worthwhile to refer to the staff performance assessment systems linked to Results Framework Documents for some central ministries. Structural reforms under JNNURM refer to organisation structures at state and local levels. Data from sample Corporations (Navi Mumbai, Thane, Kalyan-Dombivili, Ulhasnagar and Mira-Bhayandar) reveals that each ULB has accomplished different levels of structural reforms, among which Thane, Mira-Bhayandar and Ulhasnagar have achieved targets set w.r.t restructuring of certain departments within the ULBs.⁶¹

Improving local capacity for sustainable O&M of new infrastructure. Para-statal agencies of the state such as MJP set standards for UWSS service delivery and offer ULBs the option of building and operating systems in their areas of jurisdiction or having the state provide the same. In case of most small ULBs, which do not have the capacity to provide their own systems, the state is the service provider and assets are handed over to ULBs on completion, for O&M. Hence, improving local capacity for sustainable O&M from the technical and financial standpoint assumes significance. As the analysis above reveals, presently, less than 50 per cent of O&M funding in the state is financed through local taxes and sources. The proportion of actual to required O&M expenditure is 30 per cent for MCs and ranges between 23 - 44 per cent for different categories of municipalities. Initiation of water and energy audits in ULBs across the state (which are expected to translate into huge savings) need to be accompanied by improved capacity for internal resource mobilisation for O&M, billing

⁶⁰ UNDP (2002) quoted in Weist et. al. (2004)

⁶¹ World Bank (2010), Draft Report

and collection and technical aspects, to ensure that inefficiencies are addressed and O&M sustainability achieved.

Addressing data limitations related to sector finance. The following data limitations were observed while undertaking the analysis of UWSS sector finance:

(1) Data on municipal finance available at state level is dated and does not allow a detailed assessment of the existing debt profile. It would be worthwhile to assess the extent of debt/liabilities of ULBs with particular reference to UWSS related debt. This could provide pointers to restructuring/managing debt, as mentioned above and identification of specific areas in which local capacity, both managerial and financial, needs to be built to manage debt.

(2) Data on utilisation of Non-plan State Grants is presently not collected at state level. In general, since all such grants are unconditional/ untied, the state has not been collecting information on the purpose for which these funds are utilised. Most of these funds are known to be utilised by ULBs in Maharashtra for payment of salaries. However, there is a possibility that some ULBs in Maharashtra utilise these grants for UWSS/other urban infrastructure, or towards ULB share of programmes/schemes, data limitations do not allow tracking of the same.

(3) While GoM follows the practice of announcing allocations for UWSS and other sectors under some state programmes (e.g. Nagarothan) through GRs, this is not the case for others. To clearly establish the state's priority on UWSS by sub-sector and for the urban poor, this practice needs to be followed for all programmes. Hence, better tracking and reporting of expenditure by sub-sectors by ULBs and aggregation at state level would be required.

Consolidation of UWSS sector programmes and funds for urban poor as discussed above, will enable tracking of expenditures, outputs and outcomes, which is presently constrained by lack of adequate information. Though routine monitoring and reporting of information from ULBs to state on status of UWSS services does take place, reporting of information on outcomes either through household level 'report cards' or assessments or from service provider perspective is not being practiced at present. Such information, proposed under the ongoing PAS Project, is expected to enable regular measurement of improvement in sector performance, while making it possible to undertake mid-course corrections when required. This would be necessary if the sector is to assess, on a continuous basis, not only adequacy of funds for UWSS and urban poor, but also the efficiency and effectiveness of utilisation of such funds. It would also enable the state to move towards adoption of a sector financing strategy and investment plan and improved co-ordination of activities for the sector. The next chapter on monitoring assesses the possibility of linking financial investments/inputs in the sector with results.

3. Sector Monitoring Arrangements

Annually, on an average, over the past three years, about Rs. 79 billion of funds for the urban sector in Maharashtra were allocated by the Urban Development, Water Supply and Sanitation and Housing Departments of the state government and channeled through different agencies to ULBs. A significant proportion of Plan funds in these were utilised for UWSS. This section looks at the existing monitoring systems and processes in the urban/UWSS sector in Maharashtra, which are inextricably linked. Monitoring should ideally play a key role in ensuring proper implementation (programme implementation monitoring) and in assessing the extent to which allocated funds achieve sector goals set by national and state governments (sector performance monitoring). In addition, focus should also be on the use of monitoring in strategic decision-making for setting sector goals and budgeting, dissemination or sharing of results with key stakeholders and for institutionalisation of monitoring through appropriate institutional responsibilities and systems to gather and analyse information.

The subsequent section 3.1 discusses the institutional and fund flow arrangements, as a precursor to discussions on different types of monitoring undertaken by key agencies in section 3.2. The study reveals that there are established channels for information flow for monitoring of programme implementation by various institutions. In recent years, both national and state governments have initiated reform-linked programmes, which aim at linking fund flows to agreed reforms and objectives. Further efforts may focus on monitoring the outcomes of different programmes, introducing performance monitoring and achieving a cohesive and comprehensive sector monitoring system that enables efficient planning and allocation of resources. Information dissemination is increasingly viewed as an inherent part of a robust monitoring system. Hence, the last part of this section looks at the extent of information dissemination by state departments, other institutions and ULBs.

3.1. Institutional and Fund Flow Arrangements for Urban/UWSS Sector in Maharashtra

The major proportion of UWSS finance in Maharashtra is routed through two departments of the State Government – the UDD and the WSSD. In addition, UWSS sector investments for the urban poor flow through the Housing Department of GoM as part of pro-poor housing and infrastructure programmes like BSUP, IHSDP, RAY and other slum improvement/pro-poor housing programmes of the state. The MPLAD fund, which can be used for UWSS, is the only exception, flowing directly from GoI's through the DC's office to ULBs.

Of the various channels of UWSS fund flow in the state, UDD commands the largest share. 70 per cent of the total investments in UWSS are channelised through UDD. Fund flow through WSSD (4.18 per cent) and Housing Department (3.34 per cent) is considerably lower in comparison. While about 86 per cent of the funds disbursed by UDD comprise central funds, 99 per cent of WSSD funds for UWSS comprise state grants and programme funds. MPLAD funds of the Centre, though not very large from the overall sector perspective, are directly routed through the DCs, representing a different fund flow arrangement.

Until fairly recently, the general practice was direct transfers from UDD to the MCs and through the DMA to municipal councils. Presently, funds for a new state scheme and CFC grants are being transferred to municipal corporations through DMA as well. Certain transfers to municipal councils for specific purposes are made directly by UDD; these are in the nature of ad hoc grants based on

acceptance of requests for such funds by the concerned ULBs. Electronic fund transfers to ULBs through DMA are now mandatory, to avoid delays in disbursement.

The MMRDA is the State Level Nodal Agency (SLNA) for implementation of JNNURM, presently the largest urban sector programme, while the DMA is the SLNA for the UIDSSMT scheme, respectively managing about 58.17 per cent and 20.18 per cent of UDD fund transfers to ULBs annually, on an average. MHADA is the SLNA for centrally sponsored programmes for poor including BSUP, IHSDP and RAY, managing 76.65 per cent of fund transfers for UWSS for the poor. MHADA also manages state funds for slum improvement. Each SLNA is responsible for assistance to programme ULBs in technical matters, capacity building and information education and communication (IEC); project appraisal, obtaining financial sanctions; management of grants and revolving funds and fund release; and monitoring of project implementation and reforms, and submission of progress reports to higher levels of government.

Fund flow from WSSD for UWSS programmes is routed through its para-statal agency, MJP, created by GoM to provide technical and project management assistance to ULBs, especially the smaller local bodies. MJP has supported WSSD in the development of GoM's policy focus on greater efficiency in existing UWSS systems through water audits, energy audits, hydraulic modelling, technology use (GIS), customer survey, water quality monitoring, etc., rather than asset creation. These activities have been initiated in 71 cities (of which 25 are directly being undertaken by MJP) and are proposed to be scaled up to 200 cities across the state soon. Table 3.1 provides an overview of fund flow into the UWSS sector through various institutions.

Monitoring the use of these funds and related physical achievements (outputs) is a key component of programme implementation. Monitoring is also necessary to track commitments to various reforms that the state government and ULBs have made for availing funds under central government programmes such as the JNNURM, UIDSSMT and ILCS as well as various state government programmes. Monitoring is undertaken in various ways: by UDD/DMA through the district/divisional administration and by WSSD through monitoring cells/desks having specific mandates, and by the SLNAs aided by Third Party Monitoring agencies.

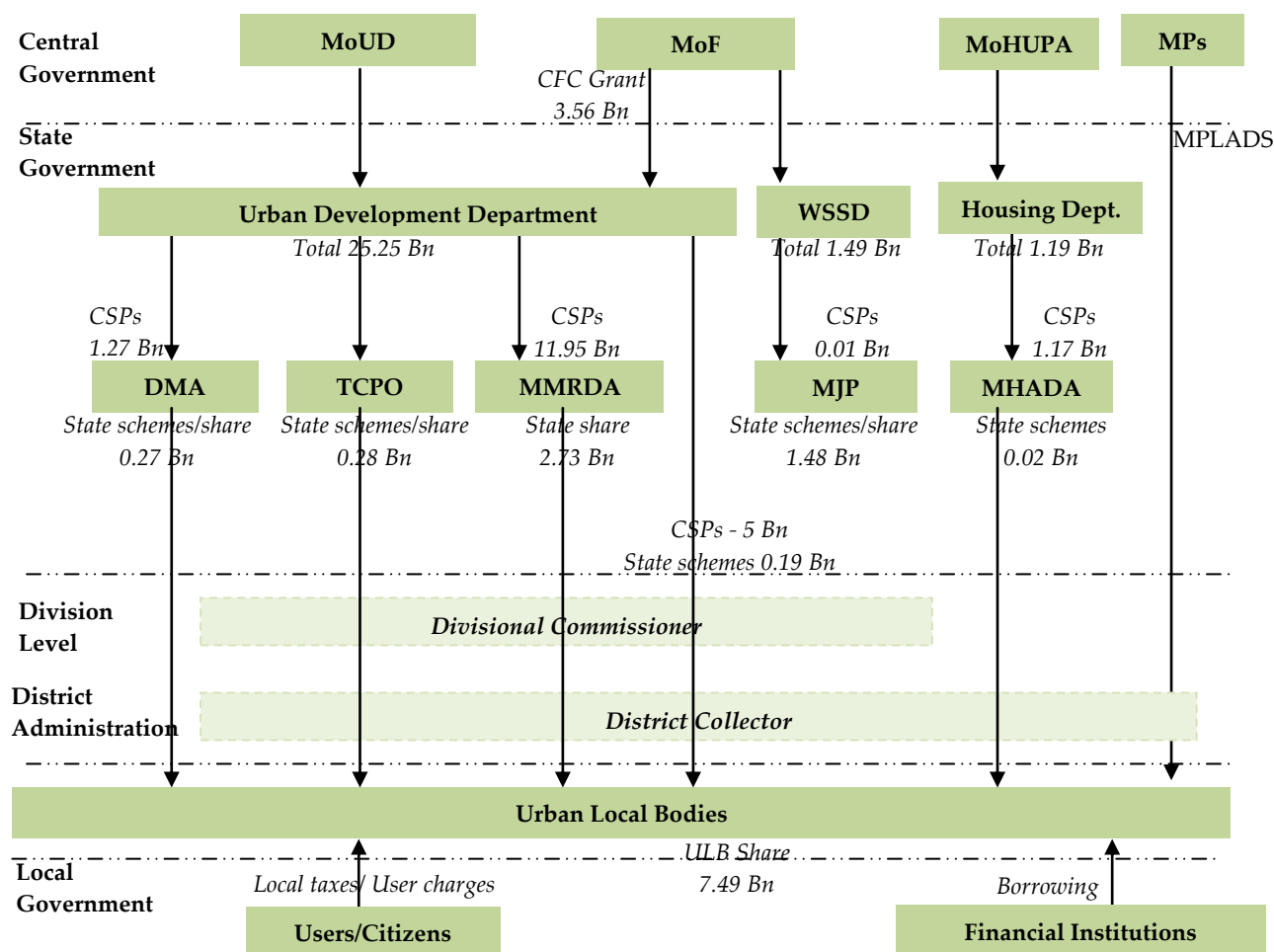
Table 3.1: Estimated UWSS Sector Resource Flows by Departments – 2009-10 (Rs. in Billion)

Type of funding	UDD				WSSD	Housing Department	DC	ULB share	Total
	UDD	MMRDA	DMA	Town and Country Planning Organisation (TCPO)	MJP	MHADA			
Central Programmes and Transfers									
Central Finance Commission grants			3.56						3.56
Centrally sponsored schemes (JNNURM, UIDSSMT/IDSMT, BSUP, IHSDP)	5.00	11.95	1.27		0.01	1.17			19.40
MPs' Local Area Development scheme							0.20		0.20
State Programmes and Transfers									
State Grant-in-aid/Other Devolution									
State Schemes	0.19		0.27	0.28	1.40	0.02			2.15
State share in Central Programmes (JNNURM, UIDSSMT, IDSMT, BSUP, IHSDP)		2.73			0.08				2.82
ULB own funds									
Contribution for Central and State								7.49	7.49

Programmes by ULBs									
Total	5.19	14.69	5.09	0.28	1.49	1.19	0.20	7.49	35.61

Source: Refer Annex A2.1 for details of allocations. Agency responsibilities are based on discussions with agencies in the UDD, WSSD and Housing Departments.

Figure 3.1: UWSS Fund Flow Arrangements (2009-10) (Rs. in Billion)



Notes: DMA-Directorate of Municipal Administration; MHADA-Maharashtra Housing and Area Development Authority; MJP-Maharashtra Jeevan Pradhikaran; MoF-Ministry of Finance; MoHUPA-Ministry of Housing and Urban Poverty Alleviation; MoUD-Ministry of Urban Development; MPLAD-Member of Parliament Local Area Development; TCPO-Town and Country Planning Organisation; ULB-Urban Local Body.

In addition to the above, different programmes for UWSS for the poor are monitored in different ways. While the centrally assisted BSUP/IHSDP are monitored by MHADA's Central Cell with the assistance of Institute of Rural Management Anand as third party monitoring agency, the centrally sponsored ILCS is monitored through MJP by the Supervisor, ILCS at WSSD. The state funded Nagari Dalit Vasti Water Supply Schemes in urban areas is monitored by WSSD through the DC, who is required to furnish the ULB's utilisation certificate for programme funds. In case of the scheme for provision of toilets and water supply connections to SCs and Nav Baudhas, ULBs report progress to WSSD's MIS Cell at AILSG; online reporting for the scheme is planned. UDD's Dalit Vasti Sudharna Yojana is monitored by DMA through the district administration. The different schemes for poor funded through different channels and monitored in different ways make it difficult to understand the complete picture in terms of their collective impacts and outcomes.

Regular review meetings of ULBs are conducted by the district and divisional administration in Maharashtra: while monthly and annual review meetings with ULBs in a district are conducted by the DC, quarterly review meetings are conducted by the Division Office. The focus of quarterly review meetings is on tax collection and scheme/programme progress. More importantly, these meetings serve as problem-solving forums that guide ULBs and offer quick decisions on administrative issues.

3.2. Sector Monitoring in Maharashtra

Urban/UWSS sector monitoring in Maharashtra takes place broadly through two departments and their agencies: the DMA under the UDD and the MJP under WSSD. Central housing programmes for poor, which have a UWSS component, are monitored by the BSUP Cell at MHADA.⁶² This section describes the monitoring processes adopted by the above departments for various programmes and transfers, which vary depending on the source of funds (central/state) its reporting requirements. The analysis highlights the need for a systematic performance monitoring system as well as the need for consolidation of programmes, which is expected to help simplify and strengthen sector monitoring systems and processes.

UDD/DMA Monitoring Process

Monitoring by UDD

Utilisation of CFC grants and state programme grants (Plan funds) by ULBs is reported to the UDD through its concerned agencies. MCs receiving funds directly from UDD report back to the department on fund utilisation as well. Routine information on sector status or ULB performance is presently not reported to UDD in Maharashtra. Non-plan state grants are untied funds and are presently not monitored by UDD. However, the situation is likely to change soon as UDD gears up to put in place a monitoring system that fulfils the 13th Finance Commission's requirement for accessing performance based grants.⁶³ UDD's monitoring requirements provide an opportunity to introduce PAS monitoring in the state for urban/UWSS sector monitoring.

Monitoring by DMA

Administrative structure for monitoring: The administrative structure of the DMA in Maharashtra comprises the Director, Municipal Administration at state level; Regional Directors at division level; and the DCs, Assistant and Deputy Collectors, who are empowered to exercise all the powers of DMA at district level.⁶⁴ The process of urban sector monitoring by DMA is thus decentralised and involves a multi-tier reporting system. Information is collected on a quarterly basis by the DC's Office, consolidated at division level and forwarded to DMA and further to UDD and the centre, as required. Figure 3.3 presents an organogram for DMA, which identifies the personnel involved in the urban sector monitoring process by DMA, while Figure 3.4 presents an overview of the Municipal Administrative Machinery.

⁶² The Delivery Monitoring Unit (DMU) in the Prime Minister's Office (PMO) directly monitors progress of pro-poor reforms in JNNURM cities, with the help of Ministry of Housing and Urban Poverty Alleviation (MoHUPA). Hence, status of pro-poor reforms needs to be reported from the state to MHUPA/PMO.

⁶³ Thirteenth Finance Commission grants are monitored by a High Level Monitoring Committee headed by the Chief Secretary, which reviews the utilisation of grants and suggests corrective measures as required.

⁶⁴ Chapter IV, Section 74 of the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 describes the procedures for appointment of the Director and Regional Directors of municipal administration and their powers as well as the powers of the Collector.

Fig 3.2: Organogram for Directorate of Municipal Administration

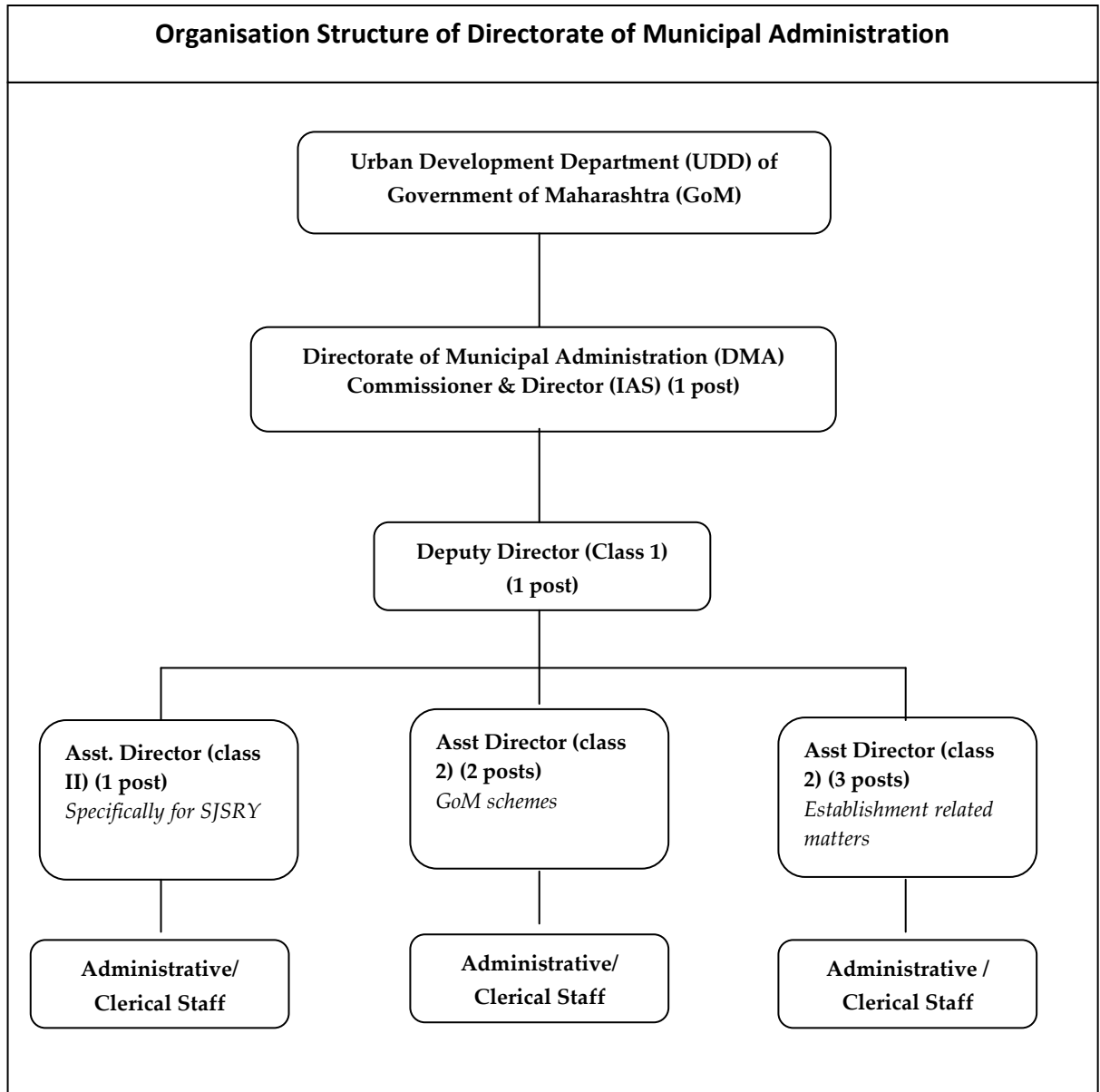
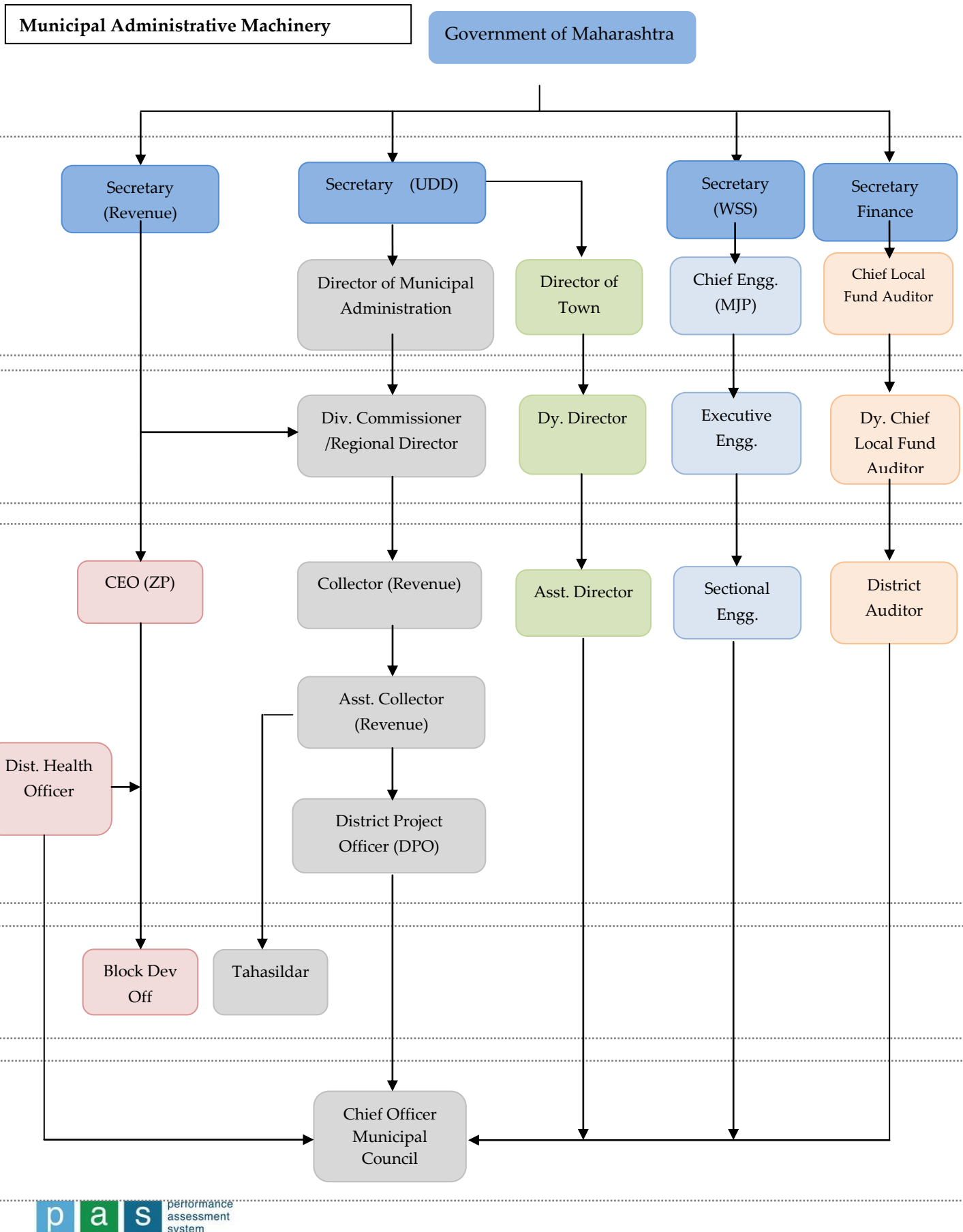


Figure 3.3: Municipal Administration Machinery



State level monitoring and reporting. The state headquarters of DMA undertakes monitoring of ULBs through visits, review meetings of ULBs and review of reports prepared by the divisional offices. The state level office of DMA undertakes routine monitoring of 12 municipal councils every year on rotational basis through physical inspection on ground. All other ULBs are monitored by the respective DCs/ Sub Divisional Officer (SDOs) and inspection reports submitted to DMA through the Divisional Commissioners. A standard set of 72 formats is used for preparation of annual “Inspection Reports” for each ULB. Annex Table 3.1 lists the inspection report formats used for monitoring of municipal finance and UWSS and their broad outlines; inspection formats are common for DMA, Divisional Commissioners and DCs and about 10 modules (related to municipal finance) are computerised, while the rest continue to be reported through paper trails. The review of annual Inspection Reports enables the DMA to identify weak/under-performing ULBs, which are given appropriate counsel/advice. In the event of any complaints or issues identified, DMA appoints an Inquiry Officer and conducts a municipal enquiry. As the SLNA for UIDSSMT and SJSRY, DMA also undertakes monitoring and reporting on programme implementation and progress review.

The state level office of DMA prepares the following reports: reports related to important issues in ULBs, which are identified on the basis of visits of DMA officials and the reports submitted by District Collectorate through the Divisional Commissioner; reports regarding amendments in rules and regulations, for submission to GoM; reports for Finance Commission; reports related to grievance redressal in matters of finance, administration or issues in public service delivery, which are raised by the District Collectorate, ULBs or citizens; and information on the functioning of ULBs and status of report preparation by them. Discussions with officials at the Directorate reveal that presently, the absence of a Statistical Officer at state level prevents consolidation of information/analysis at state level and proper use of ULB-level information available for decision-making, the need for which is felt.

Division level monitoring and reporting. The Divisional Commissioner functions as the Regional Director at division level. The divisional commissioner’s office monitors scheme-wise progress. Review meetings chaired by the Divisional Commissioner or Assistant Regional Director (ARD, each division has 2 ARDs) as well as DMA or a representative of DMA, are conducted every quarter; these are attended by Chief Officers of ULBs and District Project Officers (DPOs). The quarterly meetings are in the nature of general reviews covering regular administration, programme implementation, grievances and are related to all sectors, including WSS. Special meetings can be called for specific purposes, including scheme monitoring. Quarterly MIS reports are submitted by the respective DPOs, which are compiled at the ARD’s office and forwarded to DMA. Other reporting activities undertaken by DMA at divisional level includes annual inspection of ULBs in the division/region as per directives of DMA, investigation of issues at ULBs as suggested by DMA, conducting quarterly review meetings of ULBs at division/regional level.

As per the Bombay Local Fund Audit Act, 1930, the Divisional Commissioner is responsible for finalising the surcharge audit para in a local body audit report. Apart from the quarterly review meetings mentioned above, the Divisional Commissioner also has specific responsibilities related to monitoring of programme/scheme implementation and routine annual inspection/monitoring of ULBs as per directives of DMA, monitoring/investigation of issues/complaints at ULB level. The Divisional Commissioner also undertakes direct monitoring of larger ULBs, such as corporations and class ‘A’ cities which do not report to the DC. However, there are some exceptions to this – reporting on programmes like Dalit Vasti, Alpa Sankhyak Yojanas and SGNSA for all classes of ULBs including MCs is routed through DPOs at the DC’s office. The Divisional Commissioner’s office conducts on-

ground inspection of ULBs for SGNSA,⁶⁵ undertakes ranking of the three best performing ULBs in the division and reports the same to the state government. Hence, the division reports on specific urban sector/UWSS schemes and programmes to both UDD and WSSD. Annex Table 3.2 provides the list of formats used by Pune division for routine monitoring.

District level monitoring and reporting. The DC is responsible for monitoring of ULB administration in the district as well as monitoring of schemes implemented by ULBs, in accordance with provisions of the Maharashtra Local Authority Members Disqualification Act of 1986. In case a municipal council is indebted or has any loans with government guarantees or otherwise, its budget can be adopted only if sanctioned by the Collector, who gives the sanction based on general or special directions of the Director in this regard. The relevant functions related to planning and monitoring at district level are discharged by the DPO under supervision of the DC.

While the DC's administrative sanction is required for specific urban/UWSS sector schemes, including 13th Finance Commission grants, SJSRY, the state grant for Distinctive Works, Nagarothan scheme and WSSD's Dalit Vasti water supply scheme, funds are directly transferred to ULBs by DMA, keeping the DC informed.⁶⁶ The DC is also responsible for submission of Utilisation Certificates for these schemes, which entails a monitoring role. In the event that grants released are not utilised continuously for a period of five years, the Collector takes appropriate deductions. Being a co-signatory for salary cheques of municipal employees and having the responsibility for writing the Confidential Reports of chief officers of ULBs, the DC can suggest mid-course corrections when required, mould ULBs' decisions related to expenditures on specific items and monitor staff/ULB performance, which are inter-linked.

Various schemes are monitored through inspection of works and monthly⁶⁷ and annual review meetings of ULBs conducted by DCs and attended by all Chief Officers (COs) in the respective districts and if required, officials from other departments (e.g. PWD in case of road and building works). Monthly review meetings are organised by the DPOs. Progress reports for schemes are submitted by ULBs to the DC every quarter; the reporting format is the MIS proforma provided by DMA and provided to ULBs through the DPOs. This reporting format known as "Twenty Point Programme" covers scheme monitoring as well as routine monitoring. Sections on UWSS cover aspects such as number of water connections by type, number of new connections in current financial year, reduction in number of stand posts, unauthorised connections, water tax demand, collections, recovery, O&M expenditure and water supply improvement schemes. All reporting (quarterly and

⁶⁵ The state-level sanitation incentive programme takes the form of annual competitions in which ULBs compete with each other for recognition as the 'best' on different parameters, of which sanitation is the key area of focus, at different administrative levels – district, division and state. The basis for selecting the best and cleanest ULB at each of these levels is a scoring scheme giving weightages to different parameters that help incentivize and exceed achievement of milestones. The scheme involves an application process for ULBs and a well-defined verification process for reviewing applications, in which the Divisional Commissioner's office plays a significant role.

⁶⁶ While certain schemes require a General Body resolution for administrative approval, other funds such as 12th and 13th Finance Commission grants require a second administrative approval by the District Collector. For Nagarothan Scheme, administrative sanction is granted by the District Project Development Committee under DC. At times, ad hoc proposals are sent by ULBs directly to UDD; these require administrative sanction by the District Collector prior to financial approval/sanction by UDD. While "Distinctive Works" were earlier sent by ULBs to DMA for administrative approval, they are presently sent to the District Collector for approval. The responsibility for monitoring/furnishing of utilisation certificates for such schemes lies with the DC.

⁶⁷ Certain districts visited by PAS researchers revealed the practice of weekly review meetings by DCs; however, this is not a universal phenomenon.

annual) ⁶⁸ by municipalities to the state is undertaken through the District Administration. MIS reports submitted by ULBs are compiled by the DPOs at district level and by the ARD at division level on a quarterly basis. Other reporting duties of the DC include undertaking inspections of ULBs not covered during DMA annual inspections, submitting reports regarding illegal activities in ULB to Regional Director, Director and State Government, conducting investigations at ULBs as and when directed by the DMA and Divisional Commissioner/Regional Director.

ULB level reporting. Variations in reporting practices across ULBs are observed. Depending on staff capacities, the information submitted by a ULB could either be in soft or hard copy. Data collection for reporting is undertaken in some ULBs by the Establishment Section; information from each department is collected in hard copy for data entry and submission to the DC's office.

Monitoring by Mumbai Metropolitan Region Development Authority

MMRDA is the State Level Nodal Agency for JNNURM in Maharashtra and is responsible for monitoring physical and financial progress as well as progress on reforms, with the help of Institute for Rural Management Anand, which has been appointed as an independent review and monitoring agency. It reports JNNURM progress to the State Level Steering Committee (SLSC) headed by the Chief Minister and comprising secretaries of coordinating departments as well as executive heads of all nodal agencies. JNNURM monitoring and reporting procedures are fairly well-defined and standard practices are followed across the country.⁶⁹

Monitoring by Town and Country Planning Organisation

The Town and Country Planning Organisation (TCPO) which is an agency under UDD, is responsible for technical sanction and monitoring of the Dalit Vasti Sudharna Yojana in Maharashtra. Chief officers of municipal councils report programme progress to the Assistant Director, Town Planning at district level, who reports to the Deputy Director, Town Planning at division level. The information collected at division level is consolidated and sent to the Director, TCPO, who compiles and reports the same to UDD.

Audit of State Departments and ULBs

All state government departments are audited by the CAG. Both internal and external audit is mandatory for all ULBs in the state.

In case of MCs, the Municipal Chief Auditor is expected to conduct weekly examination and audit of municipal accounts and report to the Standing Committee, which may in turn conduct an independent examination and audit of municipal accounts. The Municipal Chief Auditor reports to the Standing Committee any impropriety or irregularity observed and furnish information to the Standing Committee as required on progress of the audit. Every report prepared by the Municipal Chief Auditor needs to be tabled before the Standing Committee; presentation of an annual report on municipal accounts for the previous financial year by the auditor before the standing committee is mandatory. The state government is also empowered to appoint a special auditor to undertake special

⁶⁸ The practice of monthly reporting has been discontinued since 2011, due to the huge reporting burden involved for ULBs as well as the DC's office.

⁶⁹ www.jnnurm.nic.in

audit of municipal accounts at any point of time as required. The special auditor has the same powers as those of the Municipal Chief Auditor.

Provisions of the Bombay Local Fund Audit Act, 1930 apply to audit of accounts of all municipal councils in the state. In addition, an 'A' or 'B' class council is required to arrange for audit of its accounts by a municipal auditor at prescribed intervals and in a prescribed manner, while a 'C' class council may make arrangements for audit of its accounts at prescribed intervals and by a prescribed agency, if required by the state government⁷⁰.

In addition, third party audit/structural audit reports for ULBs are sent to the Collector/DPO, who forwards them through the Division to the state. DMA also conducts regular audits for state funds disbursed. Special audits are also undertaken by DMA if there are any issues/problems to be addressed. The Local Fund Audit Office at state level which is a part of the Department of Finance of GoM, is responsible for conducting financial audits of all municipal councils in the state.

The CAG of India conducts audit of the MCs as per provisions of Section 14 of the CAG's (Duties, Powers and Conditions) Act, 1971. CAG also conducts audit of panchayati raj institutions (PRIs) under the Technical Guidance and Supervision (TGS) module entrusted by the state government. TGS of municipal councils in Maharashtra has not been entrusted to CAG. CAG's audit report on local bodies is prepared and laid in the legislative assembly.⁷¹ A National Institute of Urban Affairs (NIUA) study suggests the need to strengthen "internal control (audit) mechanisms" in MCs of Maharashtra, based on a review of CAG's Audit report of ULBs of Maharashtra for the year ended 2006.⁷²

For central schemes and CFC grants, the regular audit process involves annual audit of test cases by the CAG, whose representatives visit Divisional Offices, DMA, a few Collectorates and sample ULBs. CAG reports are tabled before the state legislature and all queries raised therein are meant to be addressed by the state/ULBs.

Monitoring by WSSD/MJP

Monitoring of programmes/schemes by WSSD and its technical arm, MJP, for all programmes/schemes routed through WSSD, follows a route different from that of UDD/DMA, except for Dalit Vasti Water Supply Scheme, which is monitored by the district administration on behalf of WSSD. Routine monitoring of ULB level water supply and sanitation status is also undertaken by WSSD and MJP. This section discusses the administrative structure for monitoring by WSSD/MJP and processes adopted by these entities for routine monitoring and programme monitoring.

Administrative structure for monitoring

Fund flow to WSSD is from State Planning and Finance Department (for central and state funds) to WSSD to MJP to ULBs, and the reverse for monitoring/information flow, except in case of a few ULBs where MJP undertakes the task of reporting on behalf of the ULB. The administrative set-up within WSSD and MJP comprises the following cells for monitoring and/or planning functions:

Urban Reforms Sector Unit (URSU) of WSSD: The URSU of WSSD monitors ULB reforms and receives reports directly from ULBs in a specific format. There are instances of lack of timely reporting by ULBs to URSU. In case of ULBs, where MJP is the Project Management

⁷⁰ Section 104 of the Maharashtra Municipal Councils Act

⁷¹ <http://www.cag.gov.in/html/localbodies.htm>

⁷² NIUA (2011)

Consultant and ULB is the Implementing Agency, MJP reports progress to WSSD on behalf of the ULB.

Central Planning, Design and Monitoring Cell (CPDM) of MJP: The CPDM of MJP has been set up at Thane and is responsible for preparation of Action Plans (for urban and rural areas/regions) and monitoring and review of all data.

In addition, different programmes/schemes of WSSD have different institutional arrangements for monitoring:

Change Management Unit of MJP for MSNA: A CMU has been constituted at the AILSG, Mumbai for MSNA monitoring, with the aim of providing technical and managerial support for the programme (refer details in Table 3.2). The MIS Cell at AILSG also monitors WSSD's scheme for provision of water supply and toilet connections to SCs and Nav Boudhas.

District Level (Planning and Monitoring) Committee: The District Level Committee under the DC approves and monitors the Dalit Vasti Water Supply Scheme on behalf of WSSD on a quarterly basis.

Supervisor, ILCS at WSSD: The ILCS Scheme of GoI is monitored by WSSD through MJP. The scheme's physical and financial progress is reported by MJP to the Supervisor, ILCS at WSSD.

State/Division/District level administration: Physical verification of applications submitted by ULBs for the state government's award/incentive scheme, SGNSA.

Routine monitoring by WSSD/MJP

As mentioned above, routine monitoring of water supply and sanitation status in ULBs is undertaken on a monthly basis by MJP. Routine monitoring of UWSS covers aspects such as water source, quantity supplied, tariff, recovery, O&M (chemical utilised, electricity consumed, O&M cost), deficit/surplus, number of properties versus number of connections, illegal connections, NRW, energy bills, replacements undertaken, new purchases, billing and recovery, etc. Data entry formats are uniform and are uploaded to the database on a monthly basis. Information is received in hard copy format.⁷³ MJP directly monitors 25 ULBs in the state; MJP's Executive Engineer in charge of the water supply utility in each of these ULBs is responsible for the reporting function; reports are sent to MJP headquarters. All other ULBs prepare their own reports in the required format.⁷⁴ Information received is used by MJP headquarters to provide direction to its staff: MJP's Chief Engineer at Division level is issued warning/appreciation letters, depending on ULB performance in the Division. The new Online Reporting System of MJP is query based and makes information collected from ULBs available on the web.⁷⁵ A key issue in monitoring by MJP as revealed through discussions with state officials is that since ULBs report to UDD/DMA, MJP does not wield enough authority over them to ensure compliance for timely and successful state-wide reporting/monitoring.

Routine monitoring of water supply and sanitation status in ULBs is undertaken by WSSD in Regional Meetings held once in five to six months. MJP's performance is also reviewed by WSSD annually. MJP submits a report on its overall performance on an annual basis to WSSD for the purpose.

⁷³ Refer www.mahajivan.com

⁷⁴ All ULBs are required to seek MJP's technical sanction for water supply and sanitation schemes.

⁷⁵ MJP's Online Reporting System may be viewed at www.mjpmaharashtra.org.

Programme monitoring

WSSD receives state and central programme funds from the Finance Department, GoM that are disbursed for WSS schemes in ULBs through MJP. WSSD issues directives to MJP regarding the purpose and timing of fund release for different schemes and monitors all fund releases by MJP. The Chief Engineer at MJP's division-level cell provides Utilisation Certificates for funds and reports physical progress on programmes/schemes to MJP headquarters. In case of Dalit Vasti Water Supply Scheme, Utilisation Certificates are obtained from the respective DCs. The Member Secretary, MJP issues consolidated Utilisation Certificates on behalf of MJP to WSSD.

Presently, the state-funded MSNA is the largest WSS scheme administered by WSSD. A State Level Committee comprising the Principal Secretary, Water Supply, Principal Secretary, Finance, Principal Secretary, Environment, Director, Municipal Administration, Principal Secretary, UDD, and Member Secretary, MJP is responsible for approvals and monitoring of schemes under the programme. The State Level Committee sanctions a scheme only if the concerned ULB accepts the reform programme, passes a General Body resolution to that effect, enters into an MoA/MoU with the state government. State grants for MSNA can be accessed by ULBs only after the ULB share is deposited in a separate bank account in a nationalised bank for MSNA and the bank statement presented by the ULB along with the request for the grant. The subsequent release of the grant is on the basis of adherence to the reform agenda. Table 3.2 presents details of the MSNA monitoring process.⁷⁶

Box 1: Sant Gadgenaba Nagari Swachhta Abhiyan: Monitoring System of an Incentive Programme in Maharashtra

The state level sanitation incentive programme takes the form of annual competitions in which ULBs compete with each other for recognition as the 'best' on different parameters, of which sanitation is the key area of focus, at different administrative levels – district, division and state. The basis for selecting the best and cleanest ULB at each of these levels is a scoring scheme using different parameters that help incentivise achievement of milestones. The scheme involves an application process for ULBs and a well-defined verification process for reviewing applications.

Some of the key lessons learnt from the monitoring process adopted for the programme are that adequate human resources must be available to facilitate and oversee the verification process at different levels. There is a need for dedicated personnel skilled in monitoring and evaluation, quality verification and administration for the verification system to proceed smoothly and on time. Some of the officials were of the view that the multi-level verification process and the presence of NGOs and civil society in verification teams helps facilitate objectivity and adherence to objectives. A key requirement for objective verification pointed out was the availability of quality data at ULB level. PAS monitoring, by making the required data available on a timely basis could help cut down on the demands placed by the above-mentioned system of verification on government officials at district/division and state level.

Source: Based on discussions with district and division level officials.

Under the recently announced Nagarothan Maha Abhiyan, a state programme similar to JNNURM in terms of reform-orientation and monitoring process⁷⁷ administered by UDD, GoM, sectoral committees have been created for approvals and monitoring. The Principal Secretary, WSSD heads the Committee for UWSS, which has representatives of UD, Environment, Planning, Finance and State Water Board as members.

⁷⁶ With this one fell scoop, GoM has succeeded in mobilising ULB contribution for the scheme, which was an uphill task earlier.

⁷⁷ Monitoring formats and frequency of monitoring are the same as JNNURM/UIDSSMT.

Schemes for poor are monitored in different ways by WSSD: while the Dalit Vasti Scheme is monitored by the district administration, progress on the toilet with water connection scheme for SCs and Nav Boudhas is reported by ULBs to WSSD and a record of reports submitted maintained by the MIS Cell at AILSG and ILCS Scheme is monitored through MJP, as mentioned before.

Most schemes administered by WSSD are reviewed on a monthly basis by the Principal Secretary, Planning and Finance Department and the Minister, Water Supply and Sanitation, Government of Maharashtra.

Table 3.2: Monitoring Process for MSNA

Process	Two components are monitored – reforms and WSS schemes. Baseline information has been collected from all ULBs. A database is under preparation, covering both aspects. Information collected from ULBs on a regular basis will be reported by MJP to WSSD.
Administrative Structure	A CMU constituted at AILSG by MJP is responsible for data collection, database management and data analysis for the scheme. As an incentive to staff, personnel in the CMU receive 10 per cent higher pay than personnel of the same rank in MJP.
Audit undertaken	Yes.
Performance linked	Yes. Only those ULBs that adopt the reform agenda are entitled to a new scheme/any further grant.
Incentives/disincentives	If reforms specified in the GR for MSNA are not implemented, ULBs are not entitled to receive further grants. Moreover, there is provision for cancellation of government sanction accorded to projects of such ULBs and recovery of grants released earlier from them.
Application of Technology	A GIS database using ArcGIS is proposed to be created for MSNA.
Reporting and Frequency	Monthly progress reports of physical and financial progress. Reform monitoring is done every three months.
Information collected/ Monitored	Reform monitoring—regularisation of unauthorised connections, billing and recovery system, water audit, energy audit, pumping stations and overall management, water tariff, metering and financial reforms including computerised billing, shift from cash based to accrual based accounting, ensuring improved service levels in slums, ring-fencing of water and sanitation accounts etc. Programme monitoring - Coverage of services, service levels and quality, financial sustainability, equity in service delivery, and efficiency in operation.
Use	To foster reforms, monitor project progress and outcomes and take decisions related to further release of funds.

Source: Based on discussions with GoM officials and GR No./Napur-2008/CR No.1/Ws-22 for Maharashtra State Golden Jubilee Year 2010-11 Sujal Nirmal Abhiyan.

Monitoring by Housing Department/MHADA

The Housing Department transfers programme funds to ULBs through its agency, MHADA. Funds flow from the Housing Department to MHADA to Regional Level Boards, which transfer the same to ULBs in the region. Though fund flow is decentralised (undertaken through regional offices of MHADA), monitoring is centralised and is undertaken directly by the Central Office of MHADA, to which ULBs report directly.

Performance Monitoring. With the introduction of MSNA and Nagarothan Schemes in the urban/UWSS sector, GoM has initiated the process of monitoring of reforms and programme outcomes. In addition, SGNSA provides incentives/awards to ULBs that are ranked ‘best’ on several parameters, in which sanitation is a key area of focus. However, urban sector monitoring does not seem to include any systematic performance monitoring at present, though some information on

outcomes is collected. As per the recommendations of the 13th Finance Commission, each state government and ULB is expected to notify service standards that will be achieved by them for water supply, wastewater, solid waste management and storm water drainage.⁷⁸ From the year 2011 onwards, each state government is expected to collect, analyse and publish information related to target service performance for all ULBs. Key performance indicators in the list include intermediate and final outcomes for the four UWSS sub-sectors. It is imperative that proper measurement and monitoring of these is undertaken. For systematic performance monitoring, it would be necessary to work out clear links with the state budget process as discussed in the previous chapter. Performance monitoring would not only be able to provide a sector-wide perspective for urban/UWSS sector, it would also enable establishing of clear links between inputs, outputs, outcomes and sector performance.⁷⁹

Sector monitoring in Maharashtra: Good Practices, Issues

To sum up, urban sector monitoring in Maharashtra has several strengths: Maharashtra is among the few states in India where decentralised monitoring of ULBs is institutionalised, third party audit of schemes is mandatory and physical verification of works undertaken. Other states are beginning to introduce such processes now. At the same time, urban/UWSS sector monitoring in the state is beset with the following issues that need to be addressed:

- (a) Fragmentation of programmes and finance flows across several departments and their agencies;
- (b) No clear performance monitoring for the sector despite attempts to introduce the same through MSNA and SGNSA type programmes;
- (c) Complete lack of consolidated information on municipal finance, sector finance and monitoring, preventing a consolidated overview of the sector; and
- (d) Very limited use of information technology (IT) systems for tracking of sector/even programme implementation, though this is now being attempted through the Kalyan Dombivli Municipal Corporation (KDMC) type software for all MCs/class 'A' municipalities. The emphasis seems to be on complex systems rather than starting with simple systems and building them up over time.

3.3. Dissemination of Sector Information by Government of Maharashtra and ULBs

The Right to Information (RTI) Act was introduced in 2005 by GoI with a view to inducing changes in the sphere of information sharing by public authorities and has led to increased awareness on the need for information dissemination. The inclusion of mandatory public disclosure requirements under the JNNURM reform commitments both at state and ULB levels gave further momentum to information sharing by government agencies in the urban sector. This section examines current practices in information sharing by GoM and by ULBs.

RTI related dissemination efforts. The Maharashtra Right to Information (MRTI) Act, 2002 was passed much before the central government's RTI Act of 2005 and provides for right of access to information from public authorities by citizens, in order to promote transparency and accountability in the working of every such authority. While the Central Act stipulates that the information requested under the Act shall be provided within thirty days, the Maharashtra Act requires it to be disclosed within 15 days of application. The RTI Rules passed by the GoM in 2005 detail out the procedure to seek information under RTI Act 2005 along with the formats for applying for

⁷⁸ GoI (2010), p 169

⁷⁹ For example, see Government of Uganda, Water and Sanitation Sector Performance Reports (2005) (2006) and (2007) for annual WSS sector performance monitoring for Uganda.

information and for filing an appeal to the concerned appellate authority. Under this, UDD, GoM, placed on its website information on divisions in the department, contact details of key officials, some information on SJSRY, the latest GRs, a few reports such as the Report of the Fact Finding Committee on Mumbai Floods, a Report on Alternatives to Octroi, etc. Web pages related to citizen charter and performance budget are planned by UDD.

The website of the WSSD, GoM⁸⁰ provides names of key officials, recent GRs, tenders, programme guidelines and links to related GoI (Ministry of Drinking Water and Sanitation) and GoM (Maharashtra Government, MJP, Ground Water Surveys and Development Agency etc.) websites. MJP website discloses information on the status of regional water supply schemes. MJP's Online Reporting System (ORS) posts ULB level data such as city profile, source of water supply, details of water supply and sewerage systems e.g. length of pumping mains, capacity of treatment plants, storage reservoirs, length of transmission mains, distribution systems, amount of water supplied in normal and summer season, O&M agency, number of consumers by type, status of metering, year-wise and component-wise expenditure, tariff for different types of consumers, year-wise billing and recovery, and contact details of officials in the division. Performance indicators (other than Ipcd) are not reported through the ORS.

At the ULB level, disclosure norms of RTI have been adopted in most MCs in the state. However, the content, in terms of type and extent of information available, varies for each.

Public disclosure requirements under JNNURM reforms: The main objective of mandatory reforms like enactment of Public Disclosure Law (PDL) under JNNURM has been to bring about greater transparency and accountability in the functioning of ULBs through disclosure of quarterly performance information to all stakeholders. The other objectives of PDL include promoting efficiency in the delivery of services by the local body; and to enable comparison over time and space by disseminating information in a structured and standardised manner. The enactment of the PDL refers to making appropriate provisions in the state level municipal statute(s) to ensure that these disclosures are mandatory.⁸¹

GoM introduced the Maharashtra Municipal Corporations and Municipalities (Second Amendment) Act 2007, (Mah. Act No. XXXIII of 2007), to amend the Mumbai Municipal Corporation Act, the Bombay Provincial Municipal Corporations Act, 1949, the City of Nagpur Corporation Act, 1948 and the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 to include sections on disclosure of specified information. The Second Amendment Act makes it mandatory for ULBs to disclose information pertaining to the organisation structure of the ULB, contact details of the officers and employees, audited financial statements, particulars of master plans, CDPs and other plans, details of major services provided, details of all plans including proposed/actual expenditure, details on subsidy programmes etc.

Websites of ULBs. Only 49 (20 per cent) of ULBs in the state have functional websites, 33 (13 per cent) have non-working websites and the remaining 66 per cent do not have websites (Table 3.3). While participation in JNNURM/UIDSSMT appears to have had a positive impact on MCs, with all such ULBs having working websites, no similar impact of the programme on smaller ULBs is observed. Information available on water and sanitation services in a majority of ULB websites is limited to

⁸⁰ <http://www.mahawssd.gov.in/home3.html>

⁸¹ NIUA (2010), p. 28.

consumer outreach, either for new water and sewerage connections or registration of complaints/grievance redressal.⁸²

Table 3.3: Status of ULB Websites in Maharashtra

Type of ULB	Programme	Working Website	Non-working Website	No Websites
Municipal Corporations				
Municipal Corporations	JNNURM	7	0	0
	UIDSSMT	4	4	0
	OTHERS	5	1	2
	SUB-TOTAL	16	5	2
Municipal Councils				
Class A	UIDSSMT	3	1	7
	OTHERS	0	1	3
Class B	UIDSSMT	10	3	18
	OTHERS	5	5	18
Class C	UIDSSMT	1	8	24
	OTHERS	11	10	91
NP	UIDSSMT	2	0	0
	OTHERS	1	0	3
	UIDSSMT	16	12	49
	OTHERS	17	16	115
	SUB-TOTAL	33	28	164
TOTAL		49	33	166

Source: Review of ULB websites, PAS Project, CEPT University, 2010.

A recent review of the websites of 22 MCs⁸³ as part of this study reveals that the seven JNNURM cities have working websites, though one of them was partially functional at the time of review. Of the remaining 15 MCs, 12 have websites, of which one is partially functional. Akola, Amaravati, Jalgaon MCs do not have websites. Content analysis of the websites of the 22 MCs revealed that none post information on the level/quality of services provided. Pune and Nashik are among the few MCs that undertake online reporting on schemes. Thirteen (59 per cent) have an online Grievance Redressal Mechanism (GRM), 6 (27 per cent) have uploaded information on disaster management, but only 4 (18 per cent) were found to have uploaded their budgets. The website of Ulhasnagar MC features a 24x7 call centre for GRM.

⁸² This is possibly influenced by the state's policy emphasis (GR No. Comp 2005/05/29 dated 11 Nov 2005) on introduction of Citizen Facilitation Centres (CFC), with a view to replicating KDMC's successful effort in setting up a CFC across ULBs in the state. GR No. Matansan/Nasti 09/43/39 dated 11 August 2009 announces several awards/incentives to ULBs including E-governance Excellence Awards, Excellence in Business Process Re-engineering, Excellence in Citizen-centric Service delivery, Best website/portal, IT Innovator of the Year Award, and IT for Environment Award.

⁸³ Accessed in June 2011.

Table 3.4: Details of Information Posted on Municipal Corporation Websites

	Information related to UWSS	Reports on GoI/ GoM projects	Other Key Information
JNNURM mission cities (Greater Mumbai, Kalyan-Dombivali, Nagpur, Nanded - Waghala, Nashik, Pune, Ulhasnagar)	Customer grievance redressal system and tracking complaint status (provided by all MCs other than Nanded-Waghala); Citizen's charter, which gives information like water/sewerage connections, procedure for applying for connections etc.	QPRs of JNNURM projects are uploaded on Pune and Nashik MC websites. Nanded MC uploads its progress report on BSUP and DPRs for a few projects under JNNURM. Ulhasnagar MC provides a list of other ongoing and proposed projects.	List of key officials and corporators with their contact details, municipal budgets, e-tendering details. Nashik MC gives a list of BSUP officials. Nagpur, Nanded-Waghala and Ulhasnagar websites provide information on disaster management.
Other (15) Municipal Corporations	Content and information posted varies greatly. Some ULBs provide application forms for water supply and sewerage connections and the list of documents required for the same, while others give procedures for grievance redressal.	No reports on UIDSSMT or other GoM projects.	Disaster management, list of key officials and corporators with their contact details, budgets, public notices, grievance redressal system and complaint tracking systems.

Source: Review of websites of 22 Municipal Corporations in Maharashtra, June 2011.

Only limited details are presently uploaded on most of the websites of most JNNURM cities and the content and extent of information available varies for each ULB. While the relevant pages of MCGM and Kalyan Dombivili MC could not be accessed at the time of the review, it was found that Nanded – Waghala MC had uploaded weekly progress reports of JNNURM till December 2010, and the overall physical achievement under BSUP. Nagpur MC was found to have listed the broad sectors under which various projects are being taken up in the city. Among the seven MCs that are implementing JNNURM, only Pune and Nashik post quarterly progress reports on their websites. Pune is the only MC that gives elaborate details of most of the sub-projects under JNNURM. Annex tables 3.3 and 3.4 provide an overview of the websites of JNNURM and non-JNNURM municipal corporations of Maharashtra. There is wide variation in what is reported within each category of MC (JNNURM and non-JNNURM). A majority of class 'C' ULBs and Nagar Panchayats are yet to initiate such disclosure practices.

3.4. Management Systems and Institutionalisation for Monitoring

A robust urban monitoring system for the state will need to be backed by management information systems that link various databases to provide useful results for decision-support at state, regional, district and local levels.

Programme implementation reporting requires systematic tracking of inputs/fund allocations and physical outputs. The multiplicity of programmes with varied fund flows, monitoring and reporting arrangements in the state makes tracking of fund utilisation rather complex-varied administrative/institutional arrangements for fund flow and monitoring of programmes are followed by each department involved. This is especially true of state schemes and schemes for urban poor, making consolidation of information and arriving at a comprehensive overview of such schemes difficult. Fund utilisation data is presently not tracked systematically to arrive at a robust assessment of UWSS expenditure either at state or city level. Hence, a number of assumptions had to be used to arrive at preliminary estimates of capital expenditure for UWSS. Similarly, though data on outputs or physical works undertaken exists, it is not compiled in a systematic manner. Collation of data on physical outputs is increasingly understood as key to generation/updation of ULB asset profiles, including UWSS assets.

Routine reporting. Current practices in routine reporting/monitoring vary: routine monthly reporting on UWSS is undertaken by ULBs for WSSD on aspects like water source, quantity supplied, tariff, recovery, O&M (chemical utilised, electricity consumed, O&M cost), deficit/surplus, number of properties versus number of connections, illegal connections, NRW, energy bills, replacements undertaken, new purchases, billing and recovery, etc. Data entry formats are uniform and are uploaded to the database by MJP on a monthly basis. Reporting practices are paper based for a majority of ULBs. Quarterly reporting is undertaken by ULBs (chiefly focusing on administrative and financial issues and programmes/schemes) to the DC. ULBs are also required to submit annual reports to divisional offices (refer Annex 3.2 for list of formats used in Pune division). The DMA requires annual Inspection Reports of ULBs to be prepared using a set of 72 formats (refer Annex 3.1 for a list of selected inspection report formats on municipal finance and UWSS). About 10 modules (sets of formats) are now computerised. Hard copy formats are prepared and the data entered. Presently, no consolidation of this ULB level information takes place, making sector performance assessment difficult.

Reporting on Programmes. There are a number of central and state programmes and schemes in the urban/UWSS sector – each with different reporting requirements, making reporting arrangements rather complex. The multiplicity of programmes for poor in the state, again with different reporting requirements makes it difficult to consolidate information and track outcomes. At present, reporting by a majority of ULBs is through physical/hard copies. Central programmes like JNNURM/UIDSSMT/BSUP/IHSDP require reporting on progress related to implementation of reforms. The recently introduced urban sector programmes in Maharashtra (MSNA of WSSD and Nagarothan Scheme of UDD) are also reform-linked, with similar reporting requirements. Fund flows are linked to progress on reforms as well as physical progress or outputs. There are plans to set up an online monitoring system for MSNA.

The advantage of the present UDD/DMA monitoring system is that it confers different levels of responsibilities pertaining to reporting/review/monitoring/decision-making at each level. Review of works (especially review of physical progress) by district/regional level offices reduces the monitoring workload at the state level and time factor involved in decision-making/course-correction at local level. WSSD/MJP monitoring has a sector focus. Moreover, MJP is experienced in the development and use of online reporting systems for UWSS monitoring and has technical personnel at its disposal at district/division/state level.

Maharashtra is among the few states in India where decentralised monitoring of ULBs is institutionalised, third party audit of schemes is mandatory and physical verification of works is undertaken. Other states are beginning to introduce such processes now. A good sector monitoring

system for UWSS in Maharashtra would need to capitalise on the inherent strengths of the existing monitoring systems in place and be able to integrate the monitoring/decision-support information needs of each concerned department (including Housing Department) and at each level, to enable comprehensive and systematic UWSS monitoring for planning and decision-making.

In view of UDD, GoM's plans for a comprehensive monitoring system for municipal services and given its mandate to develop such a system for service level benchmarks, PAS can be integrated into the same. Reporting channels/systems that are already well-defined in the urban sector would be available. UWSS PAS would help strengthen the present system and could provide a forum for unbiased review/decision-support. Since present capacity/experience in UWSS PAS monitoring systems is somewhat lacking, institutional strengthening, training and capacity building needs would be significant and would need to be addressed at each rung. Interface with WSSD/MJP and Housing Department/MHADA would need to be defined, to integrate the monitoring and reporting requirements of these departments in PAS monitoring.

3.5. Measures to Strengthen UWSS Sector Monitoring

The analysis presented above highlights the efforts made by GoM in setting up monitoring systems involving various agencies in the urban sector. Programme monitoring is undertaken by each concerned department in the urban/UWSS sector in different ways. An online reporting system has been set up by the MJP. The state has successfully introduced the SGNSA, which rewards ULBs based on their performance in the sanitation sub-sector; monitoring is through a paper trail (and physical verification). Tax realisations and selected programmes and grants routed through DMA are monitored by the Directorate largely through a paper trail, while central programmes and grants are reported to the Centre through consolidation of hard copy data received from ULBs/DCs/Divisional offices.

At present, UDD/DMA lack a systematic, online monitoring and reporting system. While ULB Inspection Reports provide very detailed information on the status of each ULB, lack of the wherewithal (in terms of human resources and MIS systems) for consolidation of information collected at state level hampers use of the available information. Annual reports are presently not being prepared regularly by DMA. WSSD's ORS on the other hand, does not capture all performance indicators required for systematic ULB level performance monitoring; moreover, it faces the issue of irregular reporting by ULBs, which report to UDD/DMA administratively. The UDD, GoM perceives the need for a more efficient, online management information system for Service Level Benchmarking and other key indicators and programmes, which would enable annual urban sector performance reviews. In doing so, there is a need to place an emphasis on introduction of systematic ULB level performance monitoring. The following measures to strengthen urban/UWSS sector monitoring are identified:

Management information system: The UDD has identified the need for a robust management information system for the urban sector as a whole. Building clarity on types of monitoring and consensus on related indicators is the first step in this. Secondly, it would be necessary to identify different databases and information available therein to understand how they can be linked to support main types of monitoring and related institutional responsibilities. This would include various current forms of physical databases that would be required. It would be useful to move to online reporting for most databases. Finally, design of online systems with access protocols and regular updates with good quality information would also need to be established, to develop a robust MIS.

Need for a systematic performance monitoring and decision-support system: The need for a systematic monitoring and evaluation system for the performance of ULBs and for programmes and schemes is keenly felt in the state. The state's SGNSA rewards ULBs based on their performance related to sanitation, based on a pre-defined set of evaluation criteria, with the involvement of the district/divisional administration. However, at present, there is no systematic, online performance monitoring system for the urban/UWSS sector in the state⁸⁴. MoUD's recent SLB initiative provides a set of indicators for urban water supply, wastewater and sanitation and solid waste management that are nationally accepted. In addition to these, under the ongoing PAS Project, indicators for equity and non-sewered cities have also been developed. Besides, periodic/annual information updates to generate these indicators, the monitoring system would also need to be linked to programme implementation monitoring to enable tracking of the impact of schemes on service delivery performance. A first step would be to build a robust baseline information for setting up the performance monitoring system, accepted/owned by the ULBs and state government. While this process has been initiated under the PAS Project, a common understanding/agreement will need to be reached with key stakeholders in government.

The monitoring system comprising various databases, a set of indicators for programme implementation and performance monitoring and an MIS linking the same will provide a strong basis for introducing decision support system (DSS) tools to aid financial allocation decisions at state level. An annual performance report on the urban/UWSS sector using key performance indicator (KPI) results could be prepared for use by UDD/DMA and WSSD as a decision support tool. Similarly, appropriate DSS tools will need to be developed for use by ULBs, district administrations and divisional offices with varying complexity depending on the size class and type of ULB, to enable citywide planning and decision-making.

Improving dissemination through state/ULB websites: A quick review of dissemination efforts suggests that there is wide variation in content, information on UWSS is limited, a large number of websites are not regularly updated and mandatory disclosure by ULBs as per the Municipal Act of 2007 is not taking place. The state government provides considerable information on its decisions taken in the form of GRS taken by each of the concerned departments (UDD, WSSD and Housing) on its website. Until 2007-08, publications of the Bureau of Economics and Statistics (published on the web) were the only source of consolidated municipal information in the state. Subsequent Economic Survey Reports have stopped reporting these statistics. More recently, Maharashtra initiated routine monitoring of water supply and sanitation systems in ULBs through the ORS of MJP. Possibly greater details on the government's goals coupled with current performance status would help highlight the state government's initiatives and achievements in the sector. Similarly, good practice examples across sub-sectors and ULBs would also be useful. At the local level, a large number of ULBs do not have functional websites and most do not report on their activities and performance in a systematic manner. For example, though 19 of the 22 MCs have websites; there is wide variation in content and none report performance related information. Pune and Ulhasnagar are the only MCs that disclose details of income and expenditure on their websites. In case of municipal councils, only 33 (20 per cent) of 225 ULBs have working websites. Others have non-working or no websites. Some districts in Maharashtra also have websites. Again, there is wide variation in content. There is scope for improving dissemination of urban/UWSS sector information through state, district and ULB websites. While the state is attempting to address these aspects through implementation of IT systems on the lines of KDMC as a "standardised and seamless" system as announced through its e-governance

⁸⁴ See Pethe (2002), TISS (2009), GOI (2010), NIUA (2011) for discussions on how decisions related to fund allocations to ULBs have had to be taken in an ad hoc manner by Central and State Finance Commissions, in the absence of reliable, sector performance data.

policy statement dated 13th January, 2011, the complexities involved coupled with the need for enhanced staff capacities point to the need for a simplified approach that gradually builds up over time.

Institutional strengthening and capacity building for monitoring: The institutional arrangements for funding and monitoring are quite complex at the state level as shown in section 3.1 above. The state's para-statal agencies have their own monitoring cells/desks for various funds/schemes/programmes, and often undertake reporting from ULB level through their own staff. On the other hand, the UDD/DMA set-up is heavily reliant on the district/divisional administration for monitoring. Much of the monitoring/reporting stops at the district/division level. Within the ULBs, monitoring is perceived more as reporting upwards to various district/division/state agencies rather than for internal use to improve performance. In order to set up a common MIS, clear assignment of roles within one or more of the state agencies will be needed introduce a performance assessment system and develop and deploy various DSS tools to link the monitoring systems with decision-making. Capacity building will be required at all levels for monitoring for creation and management of databases, data analysis and report generation and for use of information generated, by decision-makers at all levels. Hence, capacity building will be required at not only at ULB and state level but also at district and division level, to build monitoring and review processes, assign staff roles and tasks related to monitoring. Capacity building would also address hardware and software capacities. An assessment of state agencies, district/divisional administration and ULBs for this purpose will be required.

References

Ahluwalia I et. al. (2011), "Report on Indian Urban Infrastructure and Services", Report of the High Powered Expert Committee (HPEC), March.

Allély, Didier. n.d. "Support/consulting/controlling services for drinking water supply systems paid out of water sales". Mimeo.

Census of India (1981), Town Directory: Maharashtra 1981, Directorate of Census Operations, New Delhi.

_____, (1991), Town Directory: Maharashtra 1991, Directorate of Census Operations, New Delhi.

_____, (2001), Town Directory: Maharashtra 2001, Directorate of Census Operations, New Delhi.

_____, (2001), Slum Census 2001, Directorate of Census Operations, New Delhi.

Central Pollution Control Board (CPCB) (2009), Status of Water Supply, Wastewater Generation and Treatment in Class I Cities and Class II Towns of India, Central Pollution Control Board, Ministry of Environment and Forests, New Delhi.

CEPT University (2010), "Performance measurement system for urban water supply and sanitation: Volume I – Approach and Framework", Mimeo.

CEPT University (2011), Sector Finance and Monitoring for Urban Services in Gujarat: A Baseline Assessment, Ahmedabad.

Chandorkar S, Yacoub Z. Kuruvilla and Devang Pandya (2009), "Status Report on Urban Reforms - for the state of Maharashtra with focus on 3 Pro-Poor Reforms", Urban India Reform Facility, School of Habitat Studies, Tata Institute of Social Sciences, Mumbai

CAG (2006), "Audit Report (Local Bodies), Maharashtra for the Year 2005-2006", Comptroller and Auditor General of India (2006). Retrieved in July 2011 from: http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/local_bodies/Tab_led_Legislature/Maharashtra/2005_2006/chap_4.pdf

CAG (2007), "Audit Report (Local Bodies), Maharashtra for the Year 2006-2007", Comptroller and Auditor General of India (2007). Retrieved in July 2011 from: http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/local_bodies/Tab_led_Legislature/Maharashtra/2006_2007/LB_chap_4.pdf

CAG (2008), "Audit Report (Local Bodies), Maharashtra for the Year 2007-2008", Comptroller and Auditor General of India (2008). Retrieved in July 2011 from:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/local_bodies/Tabled_Legislature/Maharashtra/2007_2008/lb_chap4.pdf

DES (2006), "Economic Survey of Maharashtra, 2005-06", Directorate of Economics and Statistics, Government of Maharashtra, Mumbai.
http://mahades.maharashtra.gov.in/ppUpdateView.do?publication_id=ESM-2010-0001

DES (2007), "Economic Survey of Maharashtra, 2006-07", Directorate of Economics and Statistics, Government of Maharashtra, Mumbai.
http://mahades.maharashtra.gov.in/ppUpdateView.do?publication_id=ESM-2010-0001

DES (2008), "Economic Survey of Maharashtra, 2007-08", Directorate of Economics and Statistics, Government of Maharashtra, Mumbai.
http://mahades.maharashtra.gov.in/ppUpdateView.do?publication_id=ESM-2010-0001

DES (2009), "Economic Survey of Maharashtra, 2008-09", Directorate of Economics and Statistics, Government of Maharashtra, Mumbai.
http://mahades.maharashtra.gov.in/ppUpdateView.do?publication_id=ESM-2010-0001

DES (2010), "Economic Survey of Maharashtra, 2009-10", Directorate of Economics and Statistics, Government of Maharashtra, Mumbai.
http://mahades.maharashtra.gov.in/ppUpdateView.do?publication_id=ESM-2010-0001

DES (2011), "Economic Survey of Maharashtra, 2010-11", Directorate of Economics and Statistics, Government of Maharashtra, Mumbai.
http://mahades.maharashtra.gov.in/ppUpdateView.do?publication_id=ESM-2010-0001

Fall, Madio. n.d. 'Public-Private Partnerships in Rural Water Supply: The Senegalese Experience'. Presentation, Water and Sanitation Programme, Africa. Mimeo.

FIRE(D) (2001) "An Independent Regulatory Framework for Water and Wastewater in Maharashtra", Indo-US Financial Institutions Reform and Expansion Project - Debt Market Component FIRE(D), September

GoI (n.d.) Jawaharlal Nehru National Urban Renewal Mission, Ministry of Urban Development, Government of India. Retrieved in June 2011 from: <http://jnnum.nic.in/>

GoI (1995), Integrated Development of Small and Medium Towns (IDSMT), Ministry of Urban Affairs & Employment, Department of Urban Development, New Delhi. August

GoI (2005), "Guidelines for Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)", Ministry of Urban Development, Government of India, New Delhi. Retrieved in June 2011 from: http://urbanindia.nic.in/programme/ud/uidssmt_guidelines.htm

GoM (2008), Civil Budget Estimates, 2007-08, Urban Development Department, Government of Maharashtra, Mumbai.

GoM (2009), Civil Budget Estimates, 2008-09, Urban Development Department, Government of Maharashtra, Mumbai.

GoM (2010), Civil Budget Estimates, 2009-10, Urban Development Department, Government of Maharashtra, Mumbai.

GoM (2011), Civil Budget Estimates, 2010-11, Urban Development Department, Government of Maharashtra, Mumbai.

GoM (2012), Civil Budget Estimates, 2011-12, Urban Development Department, Government of Maharashtra, Mumbai.

GoM (2007), Civil Budget Estimates, 2006-07, Water Supply and Sanitation Department, Government of Maharashtra, Mumbai.

GoM (2008), Civil Budget Estimates, 2007-08, Water Supply and Sanitation Department, Government of Maharashtra, Mumbai.

GoM (2009), Civil Budget Estimates, 2008-09, Water Supply and Sanitation Department, Government of Maharashtra, Mumbai.

GoM (2010), Civil Budget Estimates, 2009-10, Water Supply and Sanitation Department, Government of Maharashtra, Mumbai.

GoM (2011), Civil Budget Estimates, 2010-11, Water Supply and Sanitation Department, Government of Maharashtra, Mumbai.

GoM (2007), Civil Budget Estimates, 2006-07, Housing Department, Government of Maharashtra, Mumbai.

GoM (2008), Civil Budget Estimates, 2007-08, Housing Department, Government of Maharashtra, Mumbai.

GoM (2009), Civil Budget Estimates, 2008-09, Housing Department, Government of Maharashtra, Mumbai.

GoM (2010), Civil Budget Estimates, 2009-10, Housing Department, Government of Maharashtra, Mumbai.

GoM (2011), Civil Budget Estimates, 2010-11, Housing Department, Government of Maharashtra, Mumbai.

GoM, "Prosperity through Cleanliness" through Sant Gadge Baba Campaign, Water Supply and Sanitation Department.

Government of the Republic of Zambia (2005), "Water Supply and Sanitation Sector Finance and Resource Flow Assessment", Ministry of Local Government and Housing, Ireland. February.

GoM Gazette Extraordinary dated 26 December, 2007, Maharashtra Municipal Corporations and Municipalities (Second Amendment) Act, 2007 (Mah. Act No. XXXIII of 2007). (Amendment on disclosure of information).

GoM Gazette Extraordinary dated 11 January, 2007, Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships State Services (Absorption, Recruitment and Conditions of Service) (Amendment) Rules, 2006 (Notification on pay-scales and minimum qualifications and experience of municipal cadres).

GoM Gazette Extraordinary dated 28 January 2010, Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships State Services (Absorption, Recruitment and Conditions of Service) (Amendment) Rules, 2010 (Notification on HR for ULBs, Process of recruitment and minimum qualifications of staff).

GoM, DMA GO No. napaprasan/VPVA/10-11/Pra No. 1/Chamber-10 dated 25 February 2011, Government of Maharashtra, Mumbai. (Distribution of GIA for Distinctive Works in 2010-11).

GoM, MJP, Notification No. No.MJP/FA-1/Cost/12/2011 dated 28 February 2011 (Revision of water rates in respect of Maharashtra Jeevan Pradhikaran's water works in non-project area from 1 June 2010 with retrospective effect).

GoM, RDWC Department Government Resolution No. BRGF-2009/CR 85/PR-6, Dated January 15, 2010, Government of Maharashtra, Mumbai. (Backward Regions Grant Fund).

GoM, UDD, Government Resolution No. BVA 102005/110/Pra Kra 16/2005/Navi-4, Dated March 31, 2006, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. Napras 1008/365/CR76/08/UD 14, Dated January 28, 2010, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. MMC 2008/274/Pra kra 91/08/Navi 32, Dated February 2, 2011, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. 2010/Pra Kra 132/10/Navi 34, Dated February 9, 2010, Government of Maharashtra, Mumbai.

GoM, UDD GR No. NUR-2008/Pra No. 203/navi-33 dated 20 February 2010, Government of Maharashtra, Mumbai. (Nagarothan Scheme).

GoM, UDD, Government Resolution No. 2010/Pra Kra 317/10/Navi 33, Dated March 1, 2010, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. Stansauk 2010/Pra Kra 91/10/Navi-34, Dated March 18, 2011, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. 2011/Pra Kra 63/Navi-33, Dated March 22, 2011, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. Aavas 2010/Pra Kra 149/10/Navi-4, Dated March 23, 2011, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. 0201/Pra Kra 65/01/Navi 34, Dated March 25, 2010, Government of Maharashtra, Mumbai. (local body tax rules).

GoM, UDD, Maharashtra Regional and Town Planning Act Notification No. GEN 1096/2877/CR-198/96/UD-14, dated 1 April, 1997 (Minimum Water Charges).

GoM, UDD GR No. 2009/Letter No. 207/ 09/ UDD. 20 dated 2 August 2010, Government of Maharashtra, Mumbai (Guidelines for Urban Local Bodies for Fixing Charges of Water Supply & Sewerage Services from the Point of View of Attaining Financial Sustainability in Water Supply and Sewerage Schemes).

GoM, UDD GR No. Te Vi A (TFC) 2010/Pra No. 131/2010/navi-4 dated 14 October 2010, Government of Maharashtra, Mumbai. (Thirteenth Finance Commission).

GoM, UDD, Government Resolution No. 2010/1014/Pra Kra 121/Navi 20, Dated October 14, 2010, Government of Maharashtra, Mumbai.

GoM, UDD, GR No. Nagaro-2010/ Pra Kra 240/Navi-33 dated 30 October 2010 (GR to differentiate the functions between Maharashtra Suvarna Jayanti Nagarothan Mahaabhiyan and Maharashtra Sujal Nirmal Abhiyan).

GoM, UDD, Government Resolution No. 2010/Pra Kra 267/Navi 33, Dated November 3, 2010, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. Nagaro - 2010/Pra Kra 267/Navi 33, Dated November 4, 2010, Government of Maharashtra, Mumbai. (related to Nagarothan Scheme).

GoM, UDD GR No. Vai Shi A (Vaishishtyapurna Anudan) 2010/Pra No. 132/2010/Navi-16 dated 10 February, 2011, Government of Maharashtra, Mumbai. (Distribution of GIA for Distinctive Works).

GoM, UDD, Government Resolution No. Avasu 2010/Pra Kra 93/Navi-4, Dated March 31, 2011, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. 2011/Pra Kra 70/Navi-34, Dated May 30, 2011, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. 2011/Pra Kra 75/Navi-20, Dated June 15, 2011, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. 2011/Pra Kra 70/Navi-34, Dated June 18, 2011, Government of Maharashtra, Mumbai.

GoM, WSSD GR No. Napapu-2008/CR No. 1/WS-22 dated 22 October 2008, Government of Maharashtra, Mumbai. (MSNA).

GoM, WSSD, GR No. Na Swa A (Nagari Swachhta Abhiyan)-2007/Pra No. 64/Papu-21 dated 26 October 2007 (Sant Gadge Baba Nagri Swachhta Abhiyan).

GoM, WSSD, Government Resolution No./Napapu-2008/CR No.1/WS -22, Dated October 22, 2008, Water Supply and Sanitation Department, Government of Maharashtra, Mumbai.

GoM, UDD, Government Resolution No. TVA 2010/Pra Kra 131/2010/Navi-4, Dated October 25, 2010, Government of Maharashtra, Mumbai.

Government of Uganda (2005), "Water and Sanitation Sector Performance Report 2005", Ministry of Water and Environment, Government of Uganda. September

Government of Uganda (2006), "Water and Sanitation Sector Performance Report 2006", Ministry of Water and Environment, Government of Uganda. September.

Government of Uganda (2008), "Water and Sanitation Sector Performance Report 2006", Ministry of Water and Environment, Government of Uganda. September.

Joshi R (2009), "Maharashtra UWSS Sector Strategy and Business Plan", CRISIL Infrastructure Advisory.

Karnik A, Abhay Pethe, Dilip Karmarkar, "Assessment Of Revenue And Expenditure Patterns In Urban Local Bodies Of Maharashtra", Department of Economics, University of Mumbai.

Karnik A, Abhay Pethe, Dilip Karmarkar, "Developing A Quantitative Framework For Determining Devolution Of Funds From The State Government To Local Bodies", Department of Economics, University of Mumbai.

Karnik A, Abhay Pethe, Dilip Karmarkar (2002), "Devolution of Funds from State Government to Local Bodies - A Quantitative approach", Department of Economics, Centre of Advanced Study in Economics, Mumbai, September.

Kundu A, "Infrastructure Financing and Emerging Pattern Of Urbanisation: A Perspective". Retrieved in June 2011 from: <http://www.scribd.com/doc/52456732/9-bg2020>.

Maharashtra Water Resources Regulatory Authority (2008), "Approach Paper On Developing Regulations for Bulk Water Pricing in the State of Maharashtra", September.

Mathur O.P. and George Peterson (2006), "State Finance Commissions And Urban Fiscal Decentralization In India - India Urban Initiatives", USAID, The Urban Institute, Washington, DC. November.

Ministry of Housing and Poverty Alleviation (MHUPA) and United Nations Development Programme (UNDP) (2009), "India Urban Poverty Report 2009", Government of India.

Ministry to Housing and Urban Poverty Alleviation (MHUPA) and National Building Organisation (NBO) (2010), "Report of the Committee on Slum Statistics and Census", Government of India.

Mohanty P.K., B. M. Misra, Rajan Goyal, P. D. Jeromi (2007), "Municipal Finance in India: An Assessment" Department of Economic Analysis and Policy, Reserve Bank of India, Mumbai.

MoUD (Ministry of Urban Development) (n.d.), "Overview: Jawaharlal Nehru National Urban Renewal Mission", <http://jnurm.nic.in/nurmudweb/toolkit/overview.pdf>.

MoUD (2011), "Tracking Central Finance Commissions and State Finance Commissions Grants to Selected States and Urban Local Bodies in India", National Institute of Urban Affairs, Ministry of Urban Development, Government of India.

NCAER (2008), "The next urban frontier: Twenty cities to watch", Retrieved in December 2010 from: <http://trendsniff.com/2008/09/16/targeting-top-20-growth-cities-in-india/>.

NIUA (2005), 'Status of Water Supply, Sanitation and Solid Waste Management in Urban Areas', 1999, National Institute of Urban Affairs, New Delhi.

NIUA (2010a). 'Handbook on Primers: JNURRM'. Prepared for Ministry of Urban Development, Government of India, National Institute of Urban Affairs, New Delhi.

NIUA (2010b). 'Status of municipal accounting systems in selected urban local bodies of India'. Report done by ICRA Management Consulting Services Limited for Indo-USAID FIRE Project.

NIUA (2011). 'Tracking Central Finance Commissions and State Finance Commissions Grants to Selected States and Urban Local Bodies in India'. Submitted to MoUD, March.

NSSO (2003), *NSS Report No. 486, Condition of Urban Slums 2002*, NSS 558th Round (July 2002-December 2002), National Sample Survey Organisation, Ministry of Statistics and Programme Implementation, Government of India, New Delhi.

NSSO (2004), *NSS Report No. 488, Housing Condition in India 2002*, NSS 558th Round (July 2002-December 2002), National Sample Survey Organisation, Ministry of Statistics and Programme Implementation, Government of India, New Delhi.

NSSO (2004), *NSS Report No. 489, Housing Condition in India, 2002: Household Amenities and Other Characteristics*, NSS 558th Round (July 2002-December 2002), National Sample Survey Organisation, Ministry of Statistics and Programme Implementation, Government of India, New Delhi.

Pethe A, Mala Lalvani, "A Comparative Study Of Municipal Finances In Maharashtra: Patterns, Problems And Prospects", Department of Economics, University of Mumbai.

Pethe A, Mala Lalvani (2006), "Towards Economic Empowerment of Urban Local Bodies in Maharashtra", *Economic and Political Weekly*, February.

Planning Commission, GoI (1983), *Report of the Task Force on Housing and Urban Development*, Planning Commission, Government of India, New Delhi, quoted in Mathur, M.P et. al. (2007), *Norms and Standards of Municipal Service Delivery in India*, NIUA, New Delhi.

Registrar General (RG) and Census Commissioner (2006), "Population Projections for India and the States", Census of India, New Delhi.

WSP-SA (n.d.), *Situation Analysis of Urban Sanitation in Maharashtra*, Water and Sanitation Department, GoM and Water and Sanitation Programme – South Asia, New Delhi, unpublished report.

Weist D (2002), *India: Urban Finance and Expenditure Management*, Volume I and II, Energy and Infrastructure Unit, The World Bank, Washington DC.

Zerah, Mare-Helene. 2006. 'Urban Water and Waste Water'. *India Infrastructure Report 2006*, Oxford University Press, New Delhi.

Websites of Municipal Corporations

<http://www.mcgm.gov.in/>

<http://www.kdmc.gov.in/kdmc/>

<http://nmc.org.in/>

<http://www.nwmcnanded.org/Water%20Supply.htm>

<http://www.nashikcorporation.gov.in/>

<http://www.punecorporation.org/pmcwebn/index.aspx>

<http://www.umc.gov.in:8080/umc/>

<http://amc.gov.in/>

http://www.aurangabadmahapalika.org/CitizensCharter/si_PublicHealth.aspx

<http://bncmc.gov.in/DisasterManagement.html>

http://www.kolhapurcorporation.gov.in/WS_New_water_pipe_connection.html

<http://www.malegaoncorporation.com/>

<http://www.mbmc.gov.in/>

<http://www.nmmconline.com/web/guest>

<http://www.pcmcindia.in/index.asp>

http://www.smkc.gov.in/English/ongoing_project.aspx

<http://www.solapurcorporation.com/>

http://www.thanemahapalika.com/english/citizen_charter.htm

<http://www.vasaivirar.com/regional-admin.asp?admin=municipal-council-and-grampanchayats>

<http://www.maharashtra.gov.in/dcm.html>

<http://www.mahawssd.gov.in/Home2.html>

<http://www.mahawssd.gov.in/scripts/FactsMJP.htm>

<http://www.mahaurban.org/CityPrint.aspx?ID=94>

<http://www.mahaurban.org/>

Annexures

Annex Table A2.1: Allocations and Estimates

(Rs in Million)

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							Total
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	
1	I. MPLAD Funds	559	550	538	496	512	310	38	3002
2	II. URBAN DEVELOPMENT DEPARTMENT (UDD)	14019	19282	26061	27523	48276	42972	51291	229424
3	2.1 Central Grant/Schemes/Programmes for Municipal Corporations	2412	5671	14300	17259	22393	19984	21830	103848
4	(00) (28) Assistance to Municipal Corporations and Municipal Councils for Modernisation of Abattoires (2217 109 9), 31, Grant-in-aid.	58	0	0	0	0	0	0	58
5	(00) (37) Additional Central assistance to Mumbai Urban Transport Project (2217 124 1), 31, Grant-in-aid (Non-salary) Special Programmes for development of Mumbai-	2354	1238	326	1259	120	1061	300	6658
6	(00) (48) Grants to Municipal Corporations under Jawaharlal Nehru National Urban Renewal Mission (2217 140 1), 31, Grant-in-aid (Non-salary).	0	4432	9973	15000	15937	15000	18000	78342
7	(00) (51) Assistance to Brihan Mumbai Storm water Drainage System Project (BRIMSTOWAD) (2217 143 7), 31, Grant-in-aid (Non-salary).	0	0	4000	1000	5000	2000	0	12000
8	(00) (74) Assistance to Municipal Corporations at District Headquarters for strengthening of Fire and Emergency Services. (Central Share) (2217 929 6)	0	0	0	0	0	7	30	37
9	(00) (72) Grant-in-aid to Municipal Corporations according to the recommendations of the 13th Finance Commission (2217 861 1)	0	0	0	0	0	1016	1500	2516
10	(00) (58) Additional Grants to Municipal Corporation Bodies in	0	0	0	0	1336	900	2000	4236

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
	the State for Completion of JNNURM/Urban Infrastructure Development Scheme for Small and Medium Towns/Integrated Development of Small and Medium Town Projects (2217 803 9), 31, Grant-in-aid (Non-salary).								
11	2.2 Central Grant/Schemes/Programmes for Municipal Councils/ Nagar Panchayats	148	2470	785	794	3955	1986	5124	30522
12	(00) (02) Central Assistance to Integrated Development of Small and Medium Towns (2217 1072). 31, Grant-in-aid.	116	129	0	0	0	0	0	245
13	(00) (66) Grant to Municipal Councils Under Jawaharlal Nehru National Urban Renewal Mission. (2217 813 7).	0	0	0	0	0	0	0	0
14	(00) (76) Assistance to Municipal Councils at District Headquarters for Strengthening of Fire and Emergency Services. (Central Share) (2217 931 1).	0	0	0	0	0	7	20	27
15	(00) (47) Grant to Urban Local Bodies on the recommendation of 12th Finance Commission (2217 138 4), 31, Grant-in-aid.	32	2341	785	793	3955	0	0	7906
16	(00) (01) Grant-in-aid to Nagar Panchayats according to the 13th Finance Commission (2217 863 8).	0	0	0	0	0	50	500	550
17	(00) (73) Grant-in-aid to Municipal Councils according to the recommendations of the 13 th Finance Commission (2217 862 9).	0	0	0	0	0	1929	2604	4533
18	(00) (67) Additional Grants to Municipal Councils Bodies in the State for Completion of Jawaharlal Nehru National Urban Renewal/Mission Urban Infrastructure Development Scheme for Small and Medium Towns/Integrated Development of Small and Medium Towns Project. (2217 814 6).	0	0	0	0	0	0	2000	2000
19	2.3 State Grant/Schemes/Programmes for Municipal Corporations	5364	4449	4540	2716	12152	8992	11132	49346
20	(00) (09) Special Provision for Development of Basic Amenities in area of the Municipal	1571	948	1050	1202	365	180	205	5521

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
	Corporations (2217 091 3), 31, Grant-in-aid (Non-salary).								
21	(00) (13) Grant-in-aid to Municipal Corporation for Implementation of Development Plan. (2217 096 9), 31, Grant-in-aid.	31	14	29	0	0	0	0	75
22	(00) (14) Special Programme for Pilgrim Places (2217 095 1), 31, Grant-in-aid.	4	55	173	0	0	0	0	232
23	(00) (18) Seed Capital for Pune and Nagpur Metropolitan regional development Authority (4217 070 1), 31, Grant-in-aid (Non-salary).	0	0	0	0	1000	0	0	1000
24	(00) (23) Grant-in-aid to Municipal Corporation of greater Mumbai for Modernisation of Hospitals (2217 104 3), 31, Grant-in-aid.	40	42	45	0	0	0	0	127
25	(00) (24) Grant-in-aid to Municipal Corporation of Greater Mumbai for Development of Cemeteries (2217 105 2), 31, Grant-in-aid.	63	80	90	0	0	0	0	233
26	(00) (25) Providing facilities to Dalit Vasties in Urban arrears (Special Component Plan) (2217 114 1), 31, Grant-in-aid	1899	1731	1955	1286	924	1026	1226	10047
27	(00) (26) Assistance to Mumbai Metropolitan Regional Development Authority / Megacity Programme (2217 088 9), 31, Grant-in-aid.	1260	1374	0	0	0	0	0	2634
28	(00) (35) Incentive Grant to Municipal Corporations as per recommendation of First State Finance Commission (2217 122 1).	0	0	0	0	0	0	0.1	0
29	(00) (41) Grant in aid to Amaravati Municipal Corporation Ambanala Development Programme (2217 129 5), 31, Grant-in-aid (Non-salary).	10	8	0	0	40	45	0	103
30	(00) (43) Mumbai Urban Infrastructure Facilities Project (2217 131 2), 31, Grant-in-aid (Non-salary).	10	34	1000	90	1	0	0	1135
31	(00) (45) Conversion of INS Vikrant into Maritime Museum (2217 137 5).	100	0	0	0	0	0	0	100
32	(00) (46) Maharashtra Urban Infrastructure Fund (2217 139 3), 31, Grant-in-aid (Non-salary).	263	0	0	0	2500	0	0	2763
33	(00) (50) Mumbai Metro Railway Project (2217 142 8), 31, Grant-in-	0	0	0	0	2355	2355	5	4715

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
	aid (Non-salary).								
34	(00) (52) Providing Facilities to the Citizens in the area of Brihanmumbai Municipal Corporation (2217 144 6), 31, Grant-in-aid.	0	0	60	0	0	0	0	60
35	(00) (54) Assistance to municipal corporation for urban development sector under Jawaharlal Nehru National Urban Renewal Mission (State Share) (2217 322 4), 31, Grant-in-aid (Non-salary).	0	0	0	0	12	3408	7000	10420
36	(00) (55) Assistance to municipal corporation for Water Supply and Sewerage Sector under Jawaharlal Nehru national urban renewal mission (State Share) (2217 322 3), 31, Grant-in-aid (Non-salary).	0	0	0	0	2726	0	0	2726
37	(00) (56) Assistance to Municipal Corporation for Transport Sector under Jawaharlal Nehru National Urban Renewal Mission (State Share) (2217 324 2), 31, Grant-in-aid (Non-salary).	0	0	0	0	1693	0	0	1693
38	(00) (57) Grant to Municipal Corporation in the State Under Maharashtra Nagarothan Maha-Abhiyan (2217 802 1), 31, Grant-in-aid (Non-salary).	0	0	0	0	399	1350	1500	3249
39	(00) (59) Grant-in-aid to Municipal Corporations for Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana (2217 804 8).	0	0	0	0	0	90	50	140
40	(00) (68) Grant in aid to Special Programme for Pilgrim Places at Municipal Corporations Areas. (2217 809 3).	0	0	0	0	0	0	0	0
41	(00) (69) Grant to Municipal Corporations in the State for Computerisation. (2217 810 1)	0	0	0	0	0	0	200	200
42	(00) (70) Assistance to Strengthening of Fire and Emergency Services of Municipal Corporations in the State. (2217 811 9).	0	0	0	0	0	0	0	0
43	(00) (75) Assistance to Municipal Corporations at District Headquarters for strengthening of Fire and Emergency Services. (State Share) (2217 930 2).	0	0	0	0	0	0	8	8
44	(01) (02) Land Revenue Municipal	56	54	45	54	54	54	54	372

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
	Corporation (3604 035 2), 31. Grants-in-aid.								
45	(01) (02) Entertainment tax Municipal Corporations (3604 012 9), 31. Grants-in-aid.	57	96	90	81	81	81	81	568
46	(01) (01) Provision for Municipal Corporation against 1% surcharge on Stamp Duty in Municipal Corporation Areas (3604 092 4).	0	0	0	0	0	400	800	1200
47	(00) (49) State Matching Contribution under National Urban Information System (2217 141 9), 31, Grant-in-aid.	0	11	0	0	0	0	0	11
48	(01) (02) Assignment of taxes on Maharashtra Professions, Trades, Callings and Employment-Municipal Corporation (3604 038 1), 31. Grants-in-aid.	0	2	3	3	3	3	3	16
49	2.4 State Grants/Schemes/Programmes for Municipal Councils/ Nagar Panchayats	6096	6693	6437	6755	9776	12009	13205	60970
50	(00) (01) Matching contribution to Municipal Councils for Integrated Urban Development of Small and Medium Towns (22 170 065). 32, Contributions.	83	86	0	0	4	0	0	174
51	(00) (32) Financial Assistance to Marathwada and Konkan Region District Head Quarters Municipal Councils for Development Works (2217 108 1), 31, Grant-in-aid.	93	0	0	0	0	0	0	93
52	(00) (03) Grant-in-aid to Municipal Councils for implementation of Development Plans (2217 020 7), 31, Grant-in-aid.	68	71	78	0	0	0	0	217
53	(00) (01) Grant-in-aid to Municipal Councils, on account of Dearness Allowance. (2217 019 2).	0	0	0	0	2184	0	0	2184
54	(00) (07) Special Tourism Development Grant to Hill Station Municipal Councils as per recommendation of First Finance Commission (2217 121 2), 31, Grant-in-aid.	0	18	18	6	0	0	6	48
55	(00) (14) Grant-in-aid to Special Programme for Pilgrim Places Municipal Councils Areas (2217 095 1), 31, Grant-in-aid.	100	0	0	100	663	750	1000	2614
56	(00) (40) Grant to Municipal Councils in the State for	100	48	0	43	50	270	300	811

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
	Computerisation (2217 128 6), 31, Grant-in-aid (Non-salary).								
57	(00) (42) Special Grant to Municipal Councils for Distinctive Works (2217 130 1), 31, Grant-in-aid (Non-salary).	992	1205	1051	955	541	300	305	5348
58	(00) (49) State Matching Contribution under National Urban Information System (2217 141 9), 31, Grant-in-aid (Non-salary).	0	0	0	2	0	0	0.5	3
59	(00) (53) Assistance for strengthening of Fire and Emergency Services of Municipal Councils in the States (2217 321 5), 31, Grant-in-aid (Non-salary).	0	0	0	0	364	450	545	1359
60	(00) (60) Grant-in-aid to Municipal Councils (2217 806 6), 31, Grant-in-aid (Non-salary).	0	0	0	0	500	9000	9000	18500
61	(00) (61) Grants to Municipal Councils in the State under Maharashtra Nagarothan Maha Abhiyan. (2217 812 8).	0	0	0	0	0	0	1000	1000
62	(00) (62) Providing Facilities to Dalit Vasties Municipal Councils in Urban areas (Special Component Plan) (2217 807 5).	105	0	0	0	0	0	0	105
63	(00) (63) Assistance to Municipal Councils for Urban Development Sector Under Jawaharlal Nehru National Urban Renewal Mission. (State share) (2217 808 4).	0	0	0	0	0	0	0	0
64	(00) (64) Assistance to Municipal Councils for Water Supply and Sewerage Sector Under Jawaharlal Urban Renewal Mission. (State Share) (2217 816 4).	0	0	0	0	0	0	0	0
65	(00) (65) Assistance to Municipal Councils for Transport Sector Under Jawaharlal Nehru National Urban Renewal Mission. (State Share) (2217 815 5).	0	0	0	0	0	0	0	0
66	(00) (71) Grant-in-aid to Municipal Councils for Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana (2217 860 2).	0	0	0	0	0	90	50	140
67	(00) (77) Assistance to Municipal Councils at District Headquarters for Strengthening of Fire and Emergency Services.(State Share) (2217 932 2).	0	0	0	0	0	0	5	5
68	(01) (01) Land revenue	0	39	71	37	37	37	37	257

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
	Municipalities (3604 007 6), 31. Grants-in-aid.								
69	(01) (01) entertainment tax Municipal Councils (3604 011 1), 31. Grants-in-aid	63	119	115	151	51	183	183	866
70	(01) (01) Assignment of taxes on Maharashtra Professions, Trades, Callings and Employment- (Municipal Councils (3604 037 2), 31. Grants-in-aid.	0	0	0	0	0	0	0	1
71	(00) (02) Grant-in-aid to Municipal Councils on account of abolition of Pilgrim tax (3604 014 7), 31, Grant-in-aid.	14	19	15	18	22	20	20	127
72	31(00) (04) Payment of Grant-in-aid to the Municipal Councils on account of Levy of Stamp duty for certain transfer to immovable property situated in Municipal area (3604 016 5), , Grant-in-aid.	61	600	279	427	330	900	745	3342
73	(00) (05) Payment of compensation to Municipalities in respect of rent recovered from large Residential Quarters (3604 051 2) 31, Grant-in-aid.	0	0	15	1	0	1	1	18
74	(00) (07) Payment of grant-in-aid to the "C" Class Municipal Councils on account of royalty on the minor minerals (3604 017 4), 31, Grant-in-aid.	0	8	28	8	8	8	8	67
75	(00) (08) Compensation to Grant to Municipal Council on account of cancellation on Octroi Tax in Municipal council Area (3604 052 1), 31, Grant-in-aid.	4416	4481	4767	5006	5022	0	0	23692
76	III. 2215, WATER SUPPLY AND SANITATION	1019	688	1037	1403	1553	1626	2995	10322
77	3.1 Central Grant/Schemes/Programme	235	50	46	0	9	45	60	445
78	(03) (02) Accelerated Urban water Supply Programme (Central Share) (2215 18 34) (50:50).	149	50	46	0	0	0	0	245
79	(03) (03) Special assistance of Government of India as per recommendation of the 11 th Finance Commission (2215 20 26).	85	0	0	0	0	0	0	85
80	(03) (04) Solid Waste Management and Drainage Project of Airfield Town, Pune (2215 20 53).	0	0	0	0	0	0	0	0
81	(01) (04) Grant-in-aid to	0	0	0	0	9	45	60	114

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
	Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 90 85) (Central Share).								
82	3.2 State Grant/Schemes/Programme for Municipal Council/ Nagar Panchayats	784	638	991	1403	1545	1581	2935	9877
83	(02) (02) Grant-in-aid for Water Supply and Drainage Schemes of Municipalities (Local Bodies)- (2215 16 47).	409	335	629	1019	1168	926	2130	6617
84	(03) (01) Accelerated Urban Water Supply Programme State Share (2215 18 16).	133	50	70	110	80	5	50	497
85	(02) (09) Removal of Regional Imbalance (2215 19 97).	132	89	12	0	0	0	0	233
86	(02) (10) Grant-in-aid to Municipal Corporation and Municipalities (Local Bodies) Nagri Dalit Vasti Water Supply Schemes in Urban Areas (Special Component Plan) (2215 20 62).	0	95	100	91	75	93	100	554
87	(02) (12) Grant-in-aid to Municipal Corporation and Municipalities (Local Bodies) for providing private water connections to families of SCs and Nav-Boudhas in urban areas. (2215 931 6).	0	0	0	0	0	450	500	950
88	(01) (01) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 17 27).	1	0	0	5	2	23	50	81
89	(01) (03) Execution of Sant Gadgebaba Nagari Swachhata Abhiyan, Advertising Publicity and Reward Scheme (2215 2044) 26, Advertising and Publicity.	100	60	0	0	0	0	0	160
90	(02) (01) Execution of Sant Gadgebaba Nagari Swachhata Abhiyan, Advertising Publicity & Reward Scheme (Non-plan) (2215 2311) , Advertising and Publicity.	0	0	60	85	65	65	65	340
91	(01) (02) Bhatsai Project for Water Supply to Greater Bombay 32, Contribution.	10	10	120	93	155	18	40	446
92	IV. Housing Department	0	0	3083	3980	7930	15254	16924	47171
93	4.1 Central Grants/Schemes/Programmes	0	0	0	0	7778	11002	10806	29585
94	(05) (01) Jawaharlal Nehru National Urban Renewal Mission— Basic Services to Urban	0	0	0	0	4845	6700	6897	18441

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
	Poor Plan (Central Share) (2216 145 2).								
95	(05) (02) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme Plan (Central Share) (2216 146 1).	0	0	0	0	2933	2700	2909	8542
96	(05) (03) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan—(Special Component Plan) (Central Share) (2216 258 4).	0	0	0	0	0	1150	0	1150
97	(05) (04) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme (2216 259 3) (Special Component Plan) (Central Share).	0	0	0	0	0	358	0	358
98	(06) (01) Rajiv Awas Yojana for the Slum Dwellers and the Urban Poor Envisaged. (2216 263 7).	0	0	0	0	0	94	1000	1094
99	4.2 State Grant/Schemes/Programme	0	0	3083	3980	152	4252	6118	17585
100	(01) (05) Slum Improvement Works—Civic Amenities at Mata Ramabai Ambedkar Nagar and Kamraj Nagar, Ghatkopar (East) (Special Component Plan) (2216 261 9).	0	0	0	0	0	117	0	117
101	(01) (06) Slum Clearance Works—Civic Amenities to Schedule Caste Population residing in Slum Pockets (Special Component Plan) (2216 262 8).	0	0	0	0	0	390	570	960
102	(03)(08) Subsidy to Beedi Labourers for Housing (2216 12 02) State Share.	0	0	0	0	152	190	50	392
103	(04) (01) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan (State Share) (2216 142 5) State Share.	0	0	2302	3899	0	1950	2466	10617
104	(04) (02) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme (2216 143 4) (State Share).	0	0	781	81	0	884	2128	3874
105	(04) (03) Jawaharlal Nehru National Urban renewal Mission—Basic Services to Urban Poor Plan—(Special Component Plan) (State Share) (2216 256 6).	0	0	0	0	0	611	0	611

Sr. No.	Grants/ Schemes	Allocation/Investments and Estimates							
		Actuals 2005-06	Actuals, 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total
106	(04) (04) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme (2216 257 5) (Special Component Plan) (State Share).	0	0	0	0	0	110	904	1014
107	V. ULB Share	0	1515	3409	5127	7485	12017	NA	29553
108	JNNURM	0	1514.9	3408.8	5126.9	7271.7	11873.4	NA	29195.9
109	UIDSSMT	0	0	0	0	213.33	143.68	1277.1	1634.1
112	Central Share	522	5740	12448	13162	23162	16809	20227	92069
113	State Share	2371	1938	2430	2792	4967	6145	11110	31754
114	ULB Share	0	1515	3409	5127	7485	12017	NA	29553
115	Maharashtra State	2893	9193	18287	21081	35614	34971	31337	153376

Source: State Budgets, DoF, GoM, State Budgets, 2005-10; DoF, GoM, Revised Estimates 2010-11 and DoF, GoM, Budget Estimates 2011-12; Civil Budget Estimates, Urban Development Department, 2007 – 11; Civil Budget Estimates, Water Supply and Sanitation Department, 2006-11; Civil Budget Estimates, Housing Department. 2008 – 11.

Annex Table A2.2: Estimated Allocation for UWSS

(Rs in Million)

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
1	I. MPLAD Funds	223	220	215	198	205	124	15	1201	40%
2	II. URBAN DEVELOPMENT DEPARTMENT (UDD)	1751	6830	13223	13841	25246	18767	25747	105404	
3	2.1 Central Grant/Schemes/Programmes for Municipal Corporations	0	3324	11480	12250	18222	14410	15850	75536	
4	(00) (28) Assistance to Municipal Corporations and Municipal Councils for modernisation of Abattoires (2217 109 9), 31, Grant-in-aid.	0	0	0	0	0	0	0	0	
5	(00) (37) Additional Central Assistance to Mumbai Urban Transport Project (2217 124 1), 31, Grant-in-aid (Non-salary) Special Programmes for development of Mumbai.	0	0	0	0	0	0	0	0	
6	(00) (48) Grants to Municipal Corporations under Jawaharlal Nehru National Urban Renewal Mission (2217 140 1), 31, Grant-in-aid (Non-salary).	0	3324	7480	11250	11952	11250	13500	58757	75%
7	(00) (51) Assistance to Brihanmumbai Storm water Drainage System Project	0	0	4000	1000	5000	2000	0	12000	100%

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
	(BRIMSTOWAD) (2217 143 7), 31, Grant-in-aid (Non-salary).									
8	(00) (74) Assistance to Municipal Corporations at District Headquarters for strengthening of Fire and Emergency Services. (Central Share) (2217 929 6).	0	0	0	0	0	0	0	0	
9	(00) (72) Grant-in-aid to Municipal Corporations according to the recommendations of the 13th Finance Commission (2217 861 1).	0	0	0	0	0	305	450	755	30%
10	(00) (58) Additional Grants to Municipal Corporation Bodies in the State for Completion of JNNURM /UIDSSMT/ IDSMT Projects (2217 803 9), 31, Grant-in-aid (Non-salary).	0	0	0	0	1270	855	1900	4025	95%
11	2.2 Central Grant/Schemes/Programmes for Municipal Councils/ Nagar Panchayats.	63	2146	707	714	3560	594	2831	10614	
12	(00) (02) Central Assistance to Integrated Development of Small and Medium Towns (2217 1072). 31, Grant-in-aid.	35	39	0	0	0	0	0	73	30%
13	(00) (66) Grant to Municipal Councils under Jawaharlal Nehru National Urban Renewal Mission. (2217 813 7).	0	0	0	0	0	0	0	0	
14	(00) (76) Assistance to Municipal Councils at District Headquarters for Strengthening of Fire and Emergency Services. (Central Share) (2217 931 1).	0	0	0	0	0	0	0	0	
15	(00) (47) Grant to Urban Local Bodies on the recommendation of 12th Finance Commission (2217 138 4), 31, Grant-in-aid.	29	2107	707	714	3560	0	0	7116	90%
16	(00) (01) Grant-in-aid to Nagar Panchayats according to the 13th Finance Commission (2217 863 8).	0	0	0	0	0	15	150	165	30%
17	(00) (73) Grant-in-aid to Municipal Councils	0	0	0	0	0	579	781	1360	30%

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
	according to the recommendations of the 13th Finance Commission (2217 862 9).									
18	(00) (67) Additional Grants to Municipal Councils Bodies in the State for Completion of Jawaharlal Nehru National Urban Renewal/Mission Urban Infrastructure Development Scheme for Small and Medium Towns/Integrated Development of Small and Medium Towns Project. (2217 814 6).	0	0	0	0	0	0	1900	1900	95%
19	2.3 State Grant/Schemes/Programme for Municipal Corporation	1589	1325	1027	867	3397	3675	6457	18338	
20	(00) (09) Special Provision for Development of Basic Amenities in area of the Municipal Corporations (2217 091 3), 31, Grant-in-aid (Non-salary).	628	379	420	481	146	72	82	2209	40%
21	(00) (13) Grant-in-aid to Municipal Corporation for Implementation of Development Plan. (2217 096 9), 31, Grant-in-aid.	3	1	3	0	0	0	0	7	10%
22	(00) (14) Special Programme for Pilgrim Places (2217 095 1), 31, Grant-in-aid	0.4	5.5	17.3	0.0	0.0	0.0	0.0	23	10%
23	(00) (18) Seed Capital for Pune and Nagpur Metropolitan regional development Authority (4217 070 1), 31, Grant-in-aid (Non-salary).	0	0	0	0	0	0	0	0	
24	(00) (23) Grant-in-aid to Municipal Corporation of greater Mumbai for Modernisation of Hospitals (2217 104 3), 31, Grant-in-aid.	0	0	0	0	0	0	0	0	
25	(00) (24) Grant-in-aid to Municipal Corporation of greater Mumbai for Development of Cemeteries (2217 105 2), 31, Grant-in-aid.	0	0	0	0	0	0	0	0	

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
26	(00) (25) Providing facilities to Dalit Vasties in Urban areas (Special Component Plan) (2217 114 1), 31, Grant-in-aid.	570	519	586	386	277	308	368	3014	30%
27	(00) (26) Assistance to Mumbai Metropolitan Regional Development Authority/Megacity Programme (2217 088 9), 31, Grant-in-aid.	378	412	0	0	0	0	0	790	30%
28	(00) (35) Incentive Grant to Municipal Corporations as per recommendation of First State Finance Commission (2217 122 1).	0	0	0	0	0	0	0	0	
29	(00) (41) Grant in aid to Amaravati Municipal Corporation Ambanala Development Programme (2217 129 5), 31, Grant-in-aid (Non-salary).	10	8	0	0	40	45	0	103	100%
30	(00) (43) Mumbai Urban Infrastructure Facilities Project (2217 131 2), 31, Grant-in-aid (Non-salary).	0	0	0	0	0	0	0	0	
31	(00) (45) Conversion of INS Vikrant into Maritime Museum (2217 137 5).	0	0	0	0	0	0	0	0	
32	(00) (46) Maharashtra Urban Infrastructure Fund (2217 139 3), 31, Grant-in-aid (Non-salary).	0	0	0	0	0	0	0	0	
33	(00) (50) Mumbai Metro Railway Project (2217 142 8), 31, Grant-in-aid (Non-salary).	0	0	0	0	0	0	0	0	
34	(00) (52) Providing Facilities to the Citizens in the area of Brihanmumbai Municipal Corporation (2217 144 6), 31, Grant-in-aid.	0	0	0	0	0	0	0	0	
35	(00) (54) Assistance to MCs for urban development sector under JNNURM (State Share)(2217 322 4), 31, Grant-in-aid (Non-salary).	0	0	0	0	9	2556	5250	7815	75%
36	(00) (55) Assistance to Municipal Corporations for Water Supply and Sewerage Sector under JNNURM (State Share) (2217 322 3), 31, Grant-in-	0	0	0	0	2726	0	0	2726	100%

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
	aid (Non-salary).									
37	(00) (56) Assistance to Municipal Corporations for Transport Sector under JNNURM (State Share) (2217 324 2), 31, Grant-in-aid (Non-salary).	0	0	0	0	0	0	0	0	
38	(00) (57) Grant to Municipal Corporation in the State Under Maharashtra Nagarothan Maha-Abhiyan (2217 802 1), 31, Grant-in-aid (Non-salary).	0	0	0	0	199	681	750	1630	50%
39	(00) (59) Grant-in-aid to Municipal Corporations for Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana (2217 804 8).	0	0	0	0	0	14	8	21	15%
40	(00) (68) Grant in aid to Special Programme for Pilgrim Places at Municipal Corporations Areas. (2217 809 3).	0	0	0	0	0	0	0	0	
41	(00) (69) Grant to Municipal Corporations in the State for Computerisation. (2217 810 1).	0	0	0	0	0	0	0	0	
42	(00) (70) Assistance to Strengthening of Fire and Emergency Services of Municipal Corporations in the State. (2217 811 9).	0	0	0	0	0	0	0	0	
43	(00) (75) Assistance to Municipal Corporations at District Headquarters for strengthening of Fire and Emergency Services. (State Share) (2217 930 2).	0	0	0	0	0	0	0	0	
44	(01) (02) Land Revenue Municipal Corporations (3604 035 2), 31. Grants-in-aid.	0	0	0	0	0	0	0	0	
45	(01) (02) Entertainment Tax Municipal Corporations (3604 012 9), 31. Grants-in-aid.	0	0	0	0	0	0	0	0	
46	(01) (01) Provision for Municipal Corporations against 1% surcharge on Stamp Duty in Municipal Corporation Areas (3604 092 4).	0	0	0	0	0	0	0	0	
47	(00) (49) State Matching Contribution under	0	0	0	0	0	0	0	0	

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
	National Urban Information System (2217 141 9), 31, Grant-in-aid.									
48	(01) (02) Assignment of taxes on Maharashtra Professions, Trades, Callings and Employment-Municipal Corporation (3604 038 1), 31. Grants-in-aid.	0	0	0	0	0	0	0	0	
49	2.4 State Grants/Schemes/Programmes for Municipal Councils/ Nagar Panchayats	98	35	10	11	68	89	608	917	
50	(00) (01) Matching contribution to Municipal Councils for Integrated Urban Development of Small and Medium Towns (22 170 065). 32, Contributions.	25	26	0	0	1	0	0	52	30%
51	(00) (32) Financial Assistance to Marathwada and Konkan Region District Head Quarters Municipal Councils for Development Works (2217 108 1), 31, Grant-in-aid.	14	0	0	0	0	0	0	14	15%
52	(00) (03) Grant-in-aid to Municipal Councils for implementation of Development Plans (2217 020 7), 31, Grant-in-aid.	7	7	8	0	0	0	0	22	10%
53	(00) (01) Grant-in-aid to Municipal Councils, on account of Dearness Allowance. (2217 019 2).	0	0	0	0	0	0	0	0	
54	(00) (07) Special Tourism Development Grant to Hill Station Municipal Councils as per recommendation of First Finance Commission (2217 121 2), 31, Grant-in-aid.	0	1.8	1.8	0.6	0	0	0.6	5	10%
55	(00) (14) Grant-in-aid to Special Programme for Pilgrim Places Municipal Councils Areas (2217 095 1), 31, Grant-in-aid.	10	0	0	10	66	75	100	261	10%
56	(00) (40) Grant to Municipal Councils in the State for Computerisation (2217 128 6), 31, Grant-in-aid (Non-	0	0	0	0	0	0	0	0	

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
	salary).									
57	(00) (42) Special Grant to Municipal Councils for Distinctive Works (2217 130 1), 31, Grant-in-aid (Non-salary).	0	0	0	0	0	0	0	0	
58	(00) (49) State Matching Contribution under National Urban Information System (2217 141 9), 31, Grant-in-aid (Non-salary)	0	0	0	0	0	0	0	0	
59	(00) (53) Assistance for strengthening of Fire and Emergency Services of Municipal Councils in the States (2217 321 5), 31, Grant-in-aid (Non-salary).	0	0	0	0	0	0	0	0	
60	(00) (60) Grant-in-aid to Municipal Councils (2217 806 6), 31, Grant-in-aid (Non-salary).	0	0	0	0	0	0	0	0	
61	(00) (61) Grants to Municipal Councils in the State under Maharashtra Nagarothan Maha Abhiyan. (2217 812 8).	0	0	0	0	0	0	500	500	50%
62	(00) (62) Providing Facilities to Dalit Vasties Municipal Councils in Urban areas (Special Component Plan) (2217 807 5)	42	0	0	0	0	0	0	42	40%
63	(00) (63) Assistance to Municipal Councils for Urban Development Sector Under Jawaharlal Nehru National Urban Renewal Mission. (State share) (2217 808 4).	0	0	0	0	0	0	0	0	
64	(00) (64) Assistance to Municipal Councils for Water Supply and Sewerage Sector Under Jawaharlal Urban Renewal Mission. (State Share) (2217 816 4).	0	0	0	0	0	0	0	0	
65	(00) (65) Assistance to Municipal Councils for Transport Sector Under Jawaharlal Nehru National Urban Renewal Mission. (State Share) (2217 815 5).	0	0	0	0	0	0	0	0	
66	(00) (71) Grant-in-aid to Municipal Councils for Dr.	0	0	0	0	0	13.5	7.5	21	15%

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
	Babasaheb Ambedkar Shram Safalya Awas Yojana (2217 860 2).									
67	(00) (77) Assistance to Municipal Councils at District Headquarters for Strengthening of Fire and Emergency Services. (State Share) (2217 932 2).	0	0	0	0	0	0	0	0	
68	(01) (01) Land revenue Municipalities (3604 007 6), 31. Grants-in-aid.	0	0	0	0	0	0	0	0	
69	(01) (01) Entertainment Tax Municipal Councils (3604 011 1), 31. Grants-in-aid.	0	0	0	0	0	0	0	0	
70	(01) (01) Assignment of taxes on Maharashtra Professions, Trades, Callings and Employment- (Municipal Councils (3604 037 2), 31. Grants-in-aid.	0	0	0	0	0	0	0	0	
71	(00) (02) Grant-in-aid to Municipal Councils on account of abolition of Pilgrim tax (3604 014 7), 31, Grant-in-aid.	0	0	0	0	0	0	0	0	
72	31(00) (04) Payment of Grant-in-aid to the Municipal Councils on account of Levy of Stamp duty for certain transfer to immovable property situated in Municipal area (3604 016 5), Grant-in-aid.	0	0	0	0	0	0	0	0	
73	(00) (05) Payment of compensation to Municipalities in respect of rent recovered from large Residential Quarters (3604 051 2) 31, Grant-in-aid.	0	0	0	0	0	0	0	0	
74	(00) (07) Payment of grant-in-aid to the "C" Class Municipal Councils on account of royalty on the minor minerals (3604 017 4), 31, Grant-in-aid.	0	0	0	0	0	0	0	0	
75	(00) (08) Compensation Grant to Municipal Councils on account of cancellation on Octroi Tax in Municipal council Area (3604 052 1), 31, Grant-in-aid.	0	0	0	0	0	0	0	0	

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
76	III. 2215, WATER SUPPLY AND SANITATION	919	628	977	1318	1488	1561	2930	9822	
77	3.1 Central Grant/Schemes/Programme	235	50	46	0	9	45	60	445	
78	(03) (02) Accelerated Urban water Supply Programme (Central Share) (2215 18 34) (50:50).	149	50	46	0	0	0	0	245	100%
79	(03) (03) Special assistance of Government of India as per recommendation of the 11 th Finance Commission (2215 20 26).	85	0	0	0	0	0	0	85	100%
80	(03) (04) Solid Waste Management and Drainage Project of Airfield Town, Pune (2215 20 53).	0	0	0	0	0	0	0	0	100%
81	(01) (04) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 90 85) (Central Share)	0	0	0	0	9	45	60	114	100%
82	3.2 State Grants/Schemes/Programmes for Municipal Councils/ Nagar Panchayats	684	578	931	1318	1480	1516	2870	9377	
83	(02) (02) Grant-in-aid for Water Supply and Drainage Schemes of Municipalities (Local Bodies)- (2215 16 47).	409	335	629	1019	1168	926	2130	6617	100%
84	(03) (01) Accelerated Urban Water Supply Programme State Share (2215 18 16).	133	50	70	110	80	5	50	497	100%
85	(02) (09) Removal of Regional Imbalance (2215 19 97).	132	89	12	0	0	0	0	233	100%
86	(02) (10) Grant-in-aid to Municipal Corporation and Municipalities (Local Bodies) Nagri Dalit Vasti water Supply Schemes in Urban Areas (Special Component Plan) (2215 20 62).	0	95	100	91	75	93	100	554	100%
87	(02) (12) Grant-in-aid to Municipal Corporation and Municipalities (Local Bodies) for providing private water connections to families of SCs and Nav-Boudhas in urban areas. (2215 931 6).	0	0	0	0	0	450	500	950	100%

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
88	(01) (01) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 17 27).	1	0	0	5	2	23	50	81	100%
89	(01) (03) Execution of Sant Gadgebaba Nagari Swachhata Abhiyan, Advertising Publicity and Reward Scheme (2215 2044) 26, Advertising and Publicity.	0	0	0	0	0	0	0	0	100%
90	(02) (01) Execution of Sant Gadgebaba Nagari Swachhata Abhiyan, Advertising Publicity & Reward Scheme (Non-plan) (2215 2311), Advertising and Publicity.	0	0	0	0	0	0	0	0	100%
91	(01) (02) Bhatsai Project for Water Supply to Greater Bombay 32, Contribution	10	10	120	93	155	18	40	446	100%
92	VI. Housing Department	0	0	462	597	1189	2502	2645	7396	
93	4.1 Central Grant/Schemes/Programme	0	0	0	0	1167	1636	1471	4274	
94	(05) (01) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan (Central Share) (2216 145 2).	0	0	0	0	727	1005	1035	2766	15%
95	(05) (02) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme Plan (Central Share) (2216 146 1).	0	0	0	0	440	405	436	1281	15%
96	(05) (03) Jawaharlal Nehru National Urban renewal Mission—Basic Services to Urban Poor Plan—(Special Component Plan) (Central Share) (2216 258 4).	0	0	0	0	0	173	0	173	15%
97	(05) (04) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme (2216 259 3) (Special Component Plan) (Central Share).	0	0	0	0	0	54	0	54	15%

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
98	(06) (01) Rajiv Awas Yojana for the Slum Dwellers and the Urban Poor Envisaged. (2216 263 7).	0	0	0	0	0	0	0	0	15%
99	4.2 State Grants/Schemes/Programmes	0	0	462	597	23	866	1174	3122	
100	(01) (05) Slum Improvement Works— Civic Amenities at Mata Ramabai Ambedkar Nagar and Kamraj Nagar, Ghatkopar (East) (Special Component Plan) (2216 261 9).	0	0	0	0	0	70	0	70	60%
101	(01) (06) Slum Clearance Works—Civic Amenities to Schedule Caste Population Residing in Slum Pockets (Special Component Plan) (2216 262 8).	0	0	0	0	0	234	342	576	60%
102	(03)(08) Subsidy to Beedi Labourers for Housing (2216 12 02) state share	0	0	0	0	23	29	8	59	15%
103	(04) (01) Jawaharlal Nehru National Urban renewal Mission—Basic Services to Urban Poor Plan (State Share) (2216 142 5) state share.	0	0	345	585	0	293	370	1593	15%
104	(04) (02) Jawaharlal Nehru National Urban renewal Mission—Integrated Housing and Slum Development Programme (2216 143 4) (State Share).	0	0	117	12	0	133	319	581	15%
105	(04) (03) Jawaharlal Nehru National Urban renewal Mission—Basic Services to Urban Poor Plan—(Special Component Plan) (State Share) (2216 256 6).	0	0	0	0	0	92	0	92	15%
106	(04) (04) Jawaharlal Nehru National Urban renewal Mission—Integrated Housing and Slum Development Programme (2216 257 5) (Special Component Plan) (State Share).	0	0	0	0	0	16	136	152	15%

Sr. No.	Grants/ Schemes	Actuals 2005-06	Actuals 2006-07	Actuals 2007-08	Actual 2008-09	Actual 2009-10	2010-11 (RE)	2011-12 (BE)	Total	Assumptions for UWSS
107	V. ULB share									
108	JNNURM	0.0	1514.9	3408.9	5127.0	7271.8	11873.4	NA	29196	
109	UIDSSMT	0	0	0	0	213.33	143.68	1277.11	1634.12	
112	Central Share	522	5740	12448	13162	23162	16809	20227	92069	
113	State Share	2371	1938	2430	2792	4967	6145	11110	31754	
114	ULB Share	0	1515	3409	5127	7485	12017	NA	29553	
115	Maharashtra State	2893	9193	18287	21081	35614	34971	31337	153376	

Annex Table A2.3: Assumptions, Sources for Allocations and UWSS Share

Sr. No.	Grants/ Schemes	Assumptions for UWSS
1	I. MPLAD Funds	42%; based on percentage of urban population in Maharashtra. Of the total urban sector MPLADS funds, 40% assumed for UWSS (based on discussions with a few DPOs). Base figures from: http://mplads.nic.in/sumhtml/s2011-2012-htm.htm
2	II. URBAN DEVELOPMENT DEPARTMENT (UDD)	
3	2.1 Central Grant/Schemes/Programme for Municipal Corporation	
4	(00) (28) Assistance to Municipal Corporation and Municipal Councils for modernisation of Abattoires (2217 109 9), 31, Grant-in-aid.	
5	(00) (37) Additional Central assistance to Mumbai Urban Transport Project (2217 124 1), 31, Grant-in-aid (Non-salary) Special Programmes for development of Mumbai.	
6	(00) (48) Grants to Municipal Corporations under Jawaharlal Nehru National Urban Renewal Mission (2217 140 1), 31, Grant-in-aid (Non-salary).	75% of total project cost approved for UWSS (as per actual sanctioned costs).
7	(00) (51) Assistance to Brihanmumbai Storm water Drainage System Project (BRIMSTOWAD) (2217 143 7), 31, Grant-in-aid (Non-salary).	Assumed as 100%
8	(00) (74) Assistance to Municipal Corporations at District Headquarters for strengthening of Fire and Emergency Services. (Central Share) (2217 929 6).	
9	(00) (72) Grant-in-aid to Municipal Corporations according to the recommendations of the 13 th Finance Commission (2217 861 1).	Assumed as 30%; non-plan funds.
10	(00) (58) Additional Grants to Municipal Corporation Bodies in the State for Completion of Jawaharlal Nehru National Urban Renewal Mission/Urban Infrastructure Development Scheme for Small and Medium Towns/Integrated Development of Small and Medium Town Projects (2217 803 9), 31, Grant-in-aid (Non-salary).	Approx 95% of total project cost approved under UWSS. (Source: Town/Sector wise release status of Project under UIDSSMT as on June 31, 2010 Since Inception).
11	2.2 Central Grant/Schemes/Programme for Municipal Council/ Nagar Panchayats	
12	(00) (02) Central Assistance to Integrated Development of Small and Medium Towns (2217 1072). 31, Grant-in-aid.	Assumed as 30%
13	(00) (66) Grant to Municipal Councils Under Jawaharlal Nehru National Urban Renewal Mission. (2217 813 7).	
14	(00) (76) Assistance to Municipal Councils at District Headquarters for Strengthening of Fire and Emergency Services. (Central Share) (2217 931 1).	
15	(00) (47) Grant to Urban Local Bodies on the recommendation of 12th Finance Commission (2217 138 4), 31, Grant-in-aid.	Assumed as 90% based on 12th FC guidelines. Non-plan grant.

Sr. No.	Grants/ Schemes	Assumptions for UWSS
16	(00) (01) Grant-in-aid to Nagar Panchayats according to the 13th Finance Commission (2217 863 8).	Assumed as 30%; non-plan funds.
17	(00) (73) Grant-in-aid to Municipal Councils according to the recommendations of the 13th Finance Commission (2217 862 9).	Assumed as 30%; non-plan funds.
18	(00) (67) Additional Grants to Municipal Councils Bodies in the State for Completion of Jawaharlal Nehru National Urban Renewal/Mission Urban Infrastructure Development Scheme for Small and Medium Towns/Integrated Development of Small and Medium Towns Project. (2217 814 6)	Approx 95% of total project cost approved under UWSS.
19	2.3 State Grant/Schemes/Programme for Municipal Corporation	
20	(00) (09) Special Provision for Development of Basic Amenities in area of the Municipal Corporations (2217 091 3), 31, Grant-in-aid (Non-salary).	40%; based on review of GRs.
21	(00) (13) Grant-in-aid to Municipal Corporation for Implementation of Development Plan. (2217 096 9), 31, Grant-in-aid.	Assumed as 10%
22	(00) (14) Special Programme for Pilgrim Places (2217 095 1), 31, Grant-in-aid.	10%; Based on review of a few GRs. Most work is related to parking, restoration, roads etc.
23	(00) (18) Seed Capital for Pune and Nagpur Metropolitan regional development Authority (4217 070 1), 31, Grant-in-aid (Non-salary)	
24	(00) (23) Grant-in-aid to Municipal Corporation of greater Mumbai for Modernisation of Hospitals (2217 104 3), 31, Grant-in-aid.	
25	(00) (24) Grant-in-aid to Municipal Corporation of greater Mumbai for Development of Cementries (2217 105 2), 31, Grant-in-aid.	
26	(00) (25) Providing facilities to Dalit Vasties in Urban Areas (Special Component Plan) (2217 114 1), 31, Grant-in-aid	30%; based on review of a few GRs.
27	(00) (26) Assistance to Mumbai Metropolitan Regional Development Authority/Megacity Programme (2217 088 9), 31, Grant-in-aid.	Assumed as 30%; 17 out of 65 works related to WSS; Detailed project wise cost is not available.
28	(00) (35) Incentive Grant to Municipal Corporations as per recommendation of First State Finance Commission (2217 122 1).	
29	(00) (41) Grant in aid to Amaravati Municipal Corporation Ambanala Development Programme (2217 129 5), 31, Grant-in-aid (Non-salary).	Assumed as 100%.
30	(00) (43) Mumbai Urban Infrastructure Facilities Project (2217 131 2), 31, Grant-in-aid (Non-salary).	
31	(00) (45) Conversion of INS Vikrant into Maritime Museum (2217 137 5).	
32	(00) (46) Maharashtra Urban Infrastructure Fund (2217 139 3), 31, Grant-in-aid (Non-salary)	Based on discussion with MUINFRA. Till date, no project has been funded by MUINFRA.
33	(00) (50) Mumbai Metro Railway Project (2217 142 8), 31, Grant-in-aid (Non-salary).	

Sr. No.	Grants/ Schemes	Assumptions for UWSS
34	(00) (52) Providing Facilities to the Citizens in the area of Brihanmumbai Municipal Corporation (2217 144 6), 31, Grant-in-aid.	
35	(00) (54) Assistance to municipal corporation for urban development sector under Jawaharlal Nehru National Urban Renewal Mission (State Share)(2217 322 4), 31, Grant-in-aid (Non-salary).	75% of total project cost approved for UWSS (as per actual sanctioned costs).
36	(00) (55) Assistance to municipal corporation for Water Supply and Sewerage Sector under Jawaharlal Nehru National Urban Renewal Mission (State Share) (2217 322 3), 31, Grant-in-aid (Non-salary).	Assumed as 100%.
37	(00) (56) Assistance to Municipal Corporation for Transport Sector under Jawaharlal Nehru National Urban Renewal Mission (State Share) (2217 324 2), 31, Grant-in-aid (Non-salary).	
38	(00) (57) Grant to Municipal Corporation in the State Under Maharashtra Nagarothan Maha-Abhiyan (2217 802 1), 31, Grant-in-aid (Non-salary).	50% share for UWSS calculated for 2010-11 based on UDD GR 20110316213346001 dated 23 February 2011 and GR 20110430112741001 dated 31 March, 2011.
39	(00) (59) Grant-in-aid to Municipal Corporations for Dr. Babasaheb Ambedkar Shram Safalya Awaz Yojana (2217 804 8).	Assumed as 15%.
40	(00) (68) Grant in aid to Special Programme for Pilgrim Places at Municipal Corporations Areas. (2217 809 3).	
41	(00) (69) Grant to Municipal Corporations in the State for Computerisation. (2217 810 1).	
42	(00) (70) Assistance to Strengthening of Fire and Emergency Services of Municipal Corporations in the State. (2217 811 9).	
43	(00) (75) Assistance to Municipal Corporations at District Headquarters for strengthening of Fire and Emergency Services. (State Share) (2217 930 2).	
44	(01) (02) Land Revenue Municipal Corporation (3604 035 2), 31. Grants-in-aid.	Assumed that these heads are not for development work.
45	(01) (02) entertainment tax Municipal Corporations (3604 012 9), 31. Grants-in-aid.	Assumed that these heads are not for development work.
46	(01) (01) Provision for Municipal Corporation against 1% surcharge on Stamp Duty in Municipal Corporation Areas (3604 092 4).	Assumed that these heads are not for development work.
47	(00) (49) State Matching Contribution under National Urban Information System (2217 141 9), 31, Grant-in-aid.	
48	(01) (02) Assignment of taxes on Maharashtra Professions, Trades, Callings and Employment-Municipal Corporation (3604 038 1), 31. Grants-in-aid.	Assumed that these heads are not for development work.
49	2.4 State Grant/Schemes/Programme for Municipal Council/Nagar Panchayats	
50	(00) (01) Matching contribution to Municipal Councils for Integrated Urban Development of Small and Medium Towns (22 170 065). 32, Contributions.	Assumed as 30%.
51	(00) (32) Financial Assistance to Marathwada and Konkan Region District Head Quarters Municipal	Assumed as 15%.

Sr. No.	Grants/ Schemes	Assumptions for UWSS
	Councils for Development Works (2217 108 1), 31, Grant-in-aid.	
52	(00) (03) Grant-in-aid to Municipal Council for implementation of Development Plans (2217 020 7), 31, Grant-in-aid.	Assumed as 10%.
53	(00) (01) Grant-in-aid to Municipal Councils, on account of Dearness Allowance. (2217 019 2).	
54	(00) (07) Special Tourism Development Grant to Hill Station Municipal Councils as per recommendation of First Finance Commission (2217 121 2), 31, Grant-in-aid.	10%; based on review of a few GRs. Most work is related to parking, restoration, roads etc.
55	(00) (14) Grant-in-aid to Special Programme for Pilgrim Places Municipal Council Areas (2217 095 1), 31, Grant-in-aid.	10%; based on review of a few GRs. Most work is related to parking, restoration, roads etc.
56	(00) (40) Grant to Municipal Councils in the State for Computerisation (2217 128 6), 31, Grant-in-aid (Non-salary).	
57	(00) (42) Special Grant to Municipal Councils for Distinctive Works (2217 130 1), 31, Grant-in-aid (Non-salary).	
58	(00) (49) State Matching Contribution under National Urban Information System (2217 141 9), 31, Grant-in-aid (Non-salary).	
59	(00) (53) Assistance for strengthening of Fire and Emergency Services of Municipal Councils in the States (2217 321 5), 31, Grant-in-aid (Non-salary).	
60	(00) (60) Grant-in-aid to Municipal Councils (2217 806 6), 31, Grant-in-aid (Non-salary).	Non-plan.
61	(00) (61) Grants to Municipal Councils in the State under Maharashtra Nagarothan Maha Abhiyan. (2217 812 8).	50%, based on review of specific GRs.
62	(00) (62) Providing Facilities to Dalit Vasties Municipal Councils in Urban areas (Special Component Plan) (2217 807 5)	40%; based on review of a few GRs.
63	(00) (63) Assistance to Municipal Councils for Urban Development Sector Under Jawaharlal Nehru National Urban Renewal Mission. (State share) (2217 808 4).	
64	(00) (64) Assistance to Municipal Councils for Water Supply and Sewerage Sector Under Jawaharlal Urban Renewal Mission. (State Share) (2217 816 4).	
65	(00) (65) Assistance to Municipal Councils for Transport Sector Under Jawaharlal Nehru National Urban Renewal Mission. (State Share) (2217 815 5)	
66	(00) (71) Grant-in-aid to Municipal Councils for Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana (2217 860 2).	Assumed as 15%.
67	(00) (77) Assistance to Municipal Councils at District Headquarters for Strengthening of Fire and Emergency Services.(State Share) (2217 932 2).	
68	(01) (01) Land revenue Municipalities (3604 007 6), 31. Grants-in-aid.	Assumed that these heads are not for development work.

Sr. No.	Grants/ Schemes	Assumptions for UWSS
69	(01) (01) entertainment tax Municipal Councils (3604 011 1), 31. Grants-in-aid.	Assumed that these heads are not for development work.
70	(01) (01) Assignment of taxes on Maharashtra Professions, Trades, Callings and Employment- (Municipal Councils (3604 037 2), 31. Grants-in-aid.	Assumed that these heads are not for development work.
71	(00) (02) Grant-in-aid to Municipal Councils on account of abolition of Pilgrim tax (3604 014 7), 31, Grant-in-aid.	Assumed that these heads are not for development work.
72	31(00) (04) Payment of Grant-in-aid to the Municipal Councils on account of Levy of Stamp duty for certain transfer to immovable property situated in Municipal area (3604 016 5), , Grant-in-aid.	Assumed that these heads are not for development work.
73	(00) (05) Payment of compensation to Municipalities in respect of rent recovered from large Residential Quarters (3604 051 2) 31, Grant-in-aid.	Assumed that these heads are not for development work.
74	(00) (07) Payment of grant-in-aid to the "C" Class Municipal Councils on account of royalty on the minor minerals (3604 017 4), 31, Grant-in-aid.	Assumed that these heads are not for development work.
75	(00) (08) Compensation to Grant to Municipal Council on account of cancellation on Octroi Tax in Municipal council Area (3604 052 1), 31, Grant-in-aid.	Assumed that these heads are not for development work.
76	III. 2215, WATER SUPPLY AND SANITATION	
77	3.1 Central Grants/Schemes/Programmes	
78	(03) (02) Accelerated Urban water Supply Programme (Central Share) (2215 18 34) (50:50).	100%
79	(03) (03) Special assistance of Government of India as per recommendation of the 11 th Finance commission (2215 20 26)	100%
80	(03) (04) Solid Waste Management and Drainage Project of Airfield Town, Pune (2215 20 53).	100%
81	(01) (04) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 90 85) (Central Share).	100%
82	3.2 State Grants/Schemes/Programmes for Municipal Council/ Nagar Panchayats	
83	(02) (02) Grant-in-aid for Water Supply and Drainage Schemes of Municipalities (Local Bodies)- (2215 16 47).	100%
84	(03) (01) Accelerated Urban Water Supply Programme State Share (2215 18 16).	100%
85	(02) (09) Removal of Regional Imbalance (2215 19 97).	100%
86	(02) (10) Grant-in-aid to Municipal Corporation and Municipalities (Local Bodies) Nagri Dalit Vasti Water Supply Schemes in Urban Areas (Special Component Plan) (2215 20 62).	100%
87	(02) (12) Grant-in-aid to Municipal Corporation and Municipalities (Local Bodies) for providing private water connections to families of SC's and Nav-Boudhas in urban areas. (2215 931 6).	100%

Sr. No.	Grants/ Schemes	Assumptions for UWSS
88	(01) (01) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost sanitation Programme (2215 17 27)	100%
89	(01) (03) Execution of Sant Gadgebaba Nagari Swachhata Abhiyan, Advertising Publicity and Reward Scheme (2215 2044) 26, Advertising and Publicity.	100%
90	(02) (01) execution of Sant Gadgebaba Nagari Swachhata Abhiyan, Advertising Publicity & Reward Scheme (Non-plan) (2215 2311) , Advertising and Publicity.	100%
91	(01) (02) Bhatsai Project for Water Supply to Greater Bombay 32, Contribution.	100%
92	IV. Housing Department	
93	4.1 Central Grant/Schemes/Programme	
94	(05) (01) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan (Central Share) (2216 145 2).	Assumed as 15% for UWSS in all JNNURM Housing Projects (BSUP+IHSDP).
95	(05) (02) Jawaharlal Nehru National Urban renewal Mission—Integrated Housing and Slum Development Programme Plan (Central Share) (2216 146 1).	Assumed as 15% for UWSS in all JNNURM Housing Projects (BSUP+IHSDP).
96	(05) (03) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan—(Special Component Plan) (Central Share) (2216 258 4).	Assumed as 15% for UWSS in all JNNURM Housing Projects (BSUP+IHSDP).
97	(05) (04) Jawaharlal Nehru National Urban renewal Mission—Integrated Housing and Slum Development Programme (2216 259 3) (Special Component Plan) (Central Share).	Assumed as 15% for UWSS in all JNNURM Housing Projects (BSUP+IHSDP).
98	(06) (01) Rajiv Awas Yojana for the Slum Dwellers and the Urban Poor Envisaged. (2216 263 7).	
99	4.2 State Grants/Schemes/Programmes	
100	(01) (05) Slum Improvement Works—Civic Amenities at Mata Ramabai Ambedkar Nagar and Kamraj Nagar, Ghatkopar (East) (Special Component Plan) (2216 261 9).	Assumed as 60%.
101	(01) (06) Slum Clearance Works—Civic Amenities to Schedule Caste Population Residing in Slum Pockets (Special Component Plan) (2216 262 8).	Assumed as 60%.
102	(03)(08) Subsidy to Beedi Labourers for Housing (2216 12 02) state share.	Assumed as 15%.
103	(04) (01) Jawaharlal Nehru National Urban renewal Mission—Basic Services to Urban Poor Plan (State Share) (2216 142 5) state share.	Assumed as 15% for UWSS in all JNNURM Housing Project (BSUP+IHSDP).
104	(04) (02) Jawaharlal Nehru National Urban renewal Mission—Integrated Housing and Slum Development Programme (2216 143 4) (State Share).	Assumed as 15% for UWSS in all JNNURM Housing Project (BSUP+IHSDP).
105	(04) (03) Jawaharlal Nehru National Urban renewal Mission—Basic Services to Urban Poor Plan—(Special Component Plan) (State Share) (2216 256 6).	Assumed as 15% for UWSS in all JNNURM Housing Project (BSUP+IHSDP).

Sr. No.	Grants/ Schemes	Assumptions for UWSS
106	(04) (04) Jawaharlal Nehru National Urban renewal Mission – Integrated Housing and Slum Development Programme (2216 257 5) (Special Component Plan) (State Share).	Assumed as 15% for UWSS in all JNNURM Housing Project (BSUP+IHSDP).
107	V. ULB Share	
108	Municipal Corporation - JNNURM	Actuals (ULB contribution) distributed year-wise in proportion to total fund release from Centre and State in each year.
109	UIDSSMT	Actuals (ULB contribution) distributed year-wise in proportion to total fund release, as above.

Annex Table A2.4: Fund allocation/devolution by sub-sector 2005-06 to 2011-12
(Rs. in Million)

Sub-sectors	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total	Average
Water Supply									
Central funds	149	1799	3981	5917	7282	6588	10079	35794	5113
State funds	143	60	190	203	2991	1356	2808	7751	1107
Total (Water Supply)	292	1859	4171	6120	10273	7944	12887	43545	6221
Sewerage									
Central funds	0	905	2036	3062	3486	3219	4372	17080	2440
State funds	0	0	0	0	2	616	1265	1882	269
Total (Sewerage)	0	905	2036	3062	3488	3835	5636	18963	2709
Solid Waste Management									
Central funds	17	1394	716	868	2603	440	528	6566	938
State funds	0	0	0	0	163	654	1221	2039	291
Total (SWM)	17	1394	716	868	2766	1093	1749	8605	1229
Storm Water Drainage									
Central funds	0	541	5217	2831	6987	3859	2322	21756	3108
State funds	0	0	0	0	12	634	1296	1942	277
Total (SWD)	0	541	5217	2831	6999	4493	3617	23698	3385
Allocation for UWSS (sub-sector not earmarked)									
Central funds (MPLAD, 11th & 13th FC)	355	1101	498	484	1629	1022	1396	6486	927
State funds	1616	1264	1091	1510	1422	1118	2313	10335	1476
Total (UWSS)	1971	2366	1589	1994	3050	2141	3709	16820	2403
UWSS for Poor									
Central funds	0	0	0	0	1175	1681	1531	4388	627
State funds	613	614	1149	1079	377	1767	2207	7805	1115
Total (urban poor)	613	614	1149	1079	1552	3449	3738	12193	1742

Source: Civil Budget Estimates, Urban Development Department, 2007 – 11; Civil Budget Estimates, Water Supply and Sanitation Department, 2006-11; Civil Budget Estimates, Housing Department. 2008 – 11

Annex Table A2.5: Assumptions related to conditions on the use of funds

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
1	I. MPLAD Funds		√									√
2	II. URBAN DEVELOPMENT DEPARTMENT (UDD)											
3	2.1 Central Grants/Schemes/Programmes for Municipal Corporation											
4	(00) (28) Assistance to Municipal Corporation and Municipal Councils for modernisation of Abattoires (2217 109 9), 31, Grant-in-aid.				√					√		
5	(00) (37) Additional Central assistance to Mumbai Urban Transport Project (2217 124 1), 31, Grant-in-aid (Non-salary) Special Programmes for development of Mumbai-				√					√		
6	(00) (48) Grants to Municipal Corporations under Jawaharlal Nehru National Urban Renewal Mission (2217 140 1), 31, Grant-in-aid (Non-salary).		√			√				√		
7	(00) (51) Assistance to Brihanmumbai Storm water Drainage System Project (BRIMSTOWAD) (2217 143 7), 31, Grant-in-aid (Non-salary).			√						√		
8	(00) (74) Assistance to Municipal Corporations at District Headquarters for strengthening of Fire and Emergency Services. (Central Share) (2217 929 6).				√					√		
9	(00) (72) Grant-in-aid to Municipal Corporations according to the recommendations of the 13 th Finance Commission (2217 861 1).		√							√		
10	(00) (58) Additional Grants to Municipal Corporation Bodies in the State for Completion of Jawaharlal Nehru National Urban Renewal mission / Urban Infrastructure Development Scheme for Small and Medium Towns / Integrated Development of Small and Medium Town		√			√				√		

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
	Projects (2217 803 9), 31, Grant-in-aid (Non-salary).											
11	2.2 Central Grants/Schemes/Programmes for Municipal Council/Nagar Panchayats											
12	(00) (02) Central Assistance to Integrated Development of Small and Medium Towns (2217 1072). 31, Grant-in-aid.		√								√	
13	(00) (66) Grant to Municipal Councils Under Jawaharlal Nehru National Urban Renewal Mission. (2217 813 7).		√			√					√	
14	(00) (76) Assistance to Municipal Councils at District Headquarters for Strengthening of Fire and Emergency Services. (Central Share) (2217 931 1).				√						√	
15	(00) (47) Grant to Urban Local Bodies on the recommendation of 12th Finance Commission (2217 138 4), 31, Grant-in-aid.		√								√	
16	(00) (01) Grant-in-aid to Nagar Panchayats according to the 13 th Finance Commission (2217 863 8).		√								√	
17	(00) (73) Grant-in-aid to Municipal Councils according to the recommendations of the 13 th Finance Commission (2217 862 9).		√								√	
18	(00) (67) Additional Grants to Municipal Councils Bodies in the State for Completion of Jawaharlal Nehru National Urban Renewal/Mission Urban Infrastructure Development Scheme for Small and Medium Towns/Integrated Development of Small and Medium Towns Project. (2217 814 6).		√			√					√	
19	2.3 State Grants/Schemes/Programmes for Municipal Corporations											
20	(00) (09) Special Provision for Development of Basic Amenities in area of the Municipal Corporations (2217 091 3), 31,		√							√		

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
	Grant-in-aid (Non-salary).											
21	(00) (13) Grant-in-aid to Municipal Corporation for Implementation of Development Plan. (2217 096 9), 31, Grant-in-aid.		√							√		
22	(00) (14) Special Programme for Pilgrim Places (2217 095 1), 31, Grant-in-aid.		√							√		
23	(00) (18) Seed Capital for Pune and Nagpur Metropolitan regional development Authority (4217 070 1), 31, Grant-in-aid (Non-salary).				√					√		
24	(00) (23) Grant-in-aid to Municipal Corporation of greater Mumbai for Modernisation of Hospitals (2217 104 3), 31, Grant-in-aid.				√					√		
25	(00) (24) Grant-in-aid to Municipal Corporation of greater Mumbai for Development of Cemeteries (2217 105 2), 31, Grant-in-aid.				√					√		
26	(00) (25) Providing facilities to Dalit Vasties in Urban areas (Special Component Plan) (2217 114 1), 31, Grant-in-aid			√				√		√		
27	(00) (26) Assistance to Mumbai Metropolitan Regional Development Authority / Megacity Programme (2217 088 9), 31, Grant-in-aid.		√							√		
28	(00) (35) Incentive Grant to Municipal Corporations as per recommendation of First State Finance Commission (2217 122 1).	√					√			√		
29	(00) (41) Grant in aid to Amaravati Municipal Corporation Ambanala Development Programme (2217 129 5), 31, Grant-in-aid (Non-salary).			√						√		
30	(00) (43) Mumbai Urban Infrastructure Facilities Project (2217 131 2), 31, Grant-in-aid (Non-salary).				√					√		

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
31	(00) (45) Conversion of INS Vikrant into Maritime Museum (2217 137 5).				√					√		
32	(00) (46) Maharashtra Urban Infrastructure Fund (2217 139 3), 31, Grant-in-aid (Non-salary).				√					√		
33	(00) (50) Mumbai Metro Railway Project (2217 142 8), 31, Grant-in-aid (Non-salary).				√					√		
34	(00) (52) Providing Facilities to the Citizens in the area of Brihanmumbai Municipal Corporation (2217 144 6), 31, Grant-in-aid.		√							√		
35	(00) (54) Assistance to Municipal Corporations for urban development sector under Jawaharlal Nehru National Urban Renewal Mission (State Share) (2217 322 4), 31, Grant-in-aid (Non-salary).		√			√				√		
36	(00) (55) Assistance to Municipal Corporation for Water Supply and Sewerage Sector under Jawaharlal Nehru National Urban Renewal Mission (State Share) (2217 322 3), 31, Grant-in-aid (Non-salary).			√		√				√		
37	(00) (56) Assistance to Municipal Corporations for Transport Sector under Jawaharlal Nehru National Urban Renewal Mission (State Share) (2217 324 2), 31, Grant-in-aid (Non-salary).				√	√				√		
38	(00) (57) Grant to Municipal Corporations in the State Under Maharashtra Nagarothan Maha-Abhiyan (2217 802 1), 31, Grant-in-aid (Non-salary).		√				√			√		
39	(00) (59) Grant-in-aid to Municipal Corporations for Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana (2217 804 8).			√					√	√		
40	(00) (68) Grant in aid to Special Programme for Pilgrim Places at Municipal Corporations Areas. (2217 809 3).		√							√		

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
41	00) (69) Grant to Municipal Corporations in the State for Computerisation. (2217 810 1).				√					√		
42	(00) (70) Assistance to Strengthening of Fire and Emergency Services of Municipal Corporations in the State. (2217 811 9).				√					√		
43	(00) (75) Assistance to Municipal Corporations at District Headquarters for strengthening of Fire and Emergency Services. (State Share) (2217 930 2).				√					√		
44	(01) (02) Land Revenue Municipal Corporation (3604 035 2), 31. Grants-in-aid.	√								√		
45	(01) (02) Entertainment Tax Municipal Corporations (3604 012 9), 31. Grants-in-aid.	√								√		
46	(01) (01) Provision for Municipal Corporations against 1% surcharge on Stamp Duty in Municipal Corporation Areas (3604 092 4).	√								√		
47	(00) (49) State Matching Contribution under National Urban Information System (2217 141 9), 31, Grant-in-aid.				√					√		
48	(01) (02) Assignment of taxes on Maharashtra Professions, Trades, Callings and Employment- Municipal Corporations (3604 038 1), 31. Grants-in-aid.	√								√		
49	2.4 State Grants/Schemes/Programmes for Municipal Councils/ Nagar Panchayats											
50	(00) (01) Matching contribution to Municipal Councils for Integrated Urban Development of Small and Medium Towns (22 170 065). 32, Contributions.		√								√	
51	(00) (32) Financial Assistance to Marathwada and Konkan Region District Head Quarters Municipal Councils for Development Works (2217 108 1), 31, Grant-in-aid.		√								√	

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
52	(00) (03) Grant-in-aid to Municipal Councils for implementation of Development Plans (2217 020 7), 31, Grant-in-aid.		√							√		
53	(00) (01) Grant-in-aid to Municipal Councils, on account of Dearness Allowance. (2217 019 2).										√	
54	(00) (07) Special Tourism Development Grant to Hill Station Municipal Councils as per recommendation of First Finance Commission (2217 121 2), 31, Grant-in-aid.		√								√	
55	(00) (14) Grant-in-aid to Special Programme for Pilgrim Places Municipal Councils Areas (2217 095 1), 31, Grant-in-aid.		√								√	
56	(00) (40) Grant to Municipal Councils in the State for Computerisation (2217 128 6), 31, Grant-in-aid (Non-salary).				√						√	
57	(00) (42) Special Grant to Municipal Councils for Distinctive Works (2217 130 1), 31, Grant-in-aid (Non-salary).				√						√	
58	(00) (49) State Matching Contribution under National Urban Information System (2217 141 9), 31, Grant-in-aid (Non-salary).				√						√	
59	(00) (53) Assistance for strengthening of Fire and Emergency Services of Municipal Councils in the States (2217 321 5), 31, Grant-in-aid (Non-salary).				√						√	
60	(00) (60) Grant-in-aid to Municipal Councils (2217 806 6), 31, Grant-in-aid (Non-salary).										√	
61	(00) (61) Grants to Municipal Councils in the State under Maharashtra Nagarothan Maha Abhiyan. (2217 812 8).		√				√				√	
62	(00) (62) Providing Facilities to Dalit Vasties Municipal Councils in Urban areas (Special Component Plan) (2217 807 5).			√				√			√	

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
63	(00) (63) Assistance to Municipal Councils for Urban Development Sector Under Jawaharlal Nehru National Urban Renewal Mission. (State share) (2217 808 4).		√			√					√	
64	(00) (64) Assistance to Municipal Councils for Water Supply and Sewerage Sector Under Jawaharlal Urban Renewal Mission. (State Share) (2217 816 4).			√		√					√	
65	(00) (65) Assistance to Municipal Councils for Transport Sector Under Jawaharlal Nehru National Urban Renewal Mission. (State Share) (2217 815 5).				√	√					√	
66	(00) (71) Grant-in-aid to Municipal Councils for Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana (2217 860 2).			√			√	√			√	
67	(00) (77) Assistance to Municipal Councils at District Headquarters for Strengthening of Fire and Emergency Services. (State Share) (2217 932 2).				√						√	
68	(01) (01) Land revenue Municipalities (3604 007 6), 31. Grants-in-aid.	√									√	
69	(01) (01) Entertainment Tax Municipal Councils (3604 011 1), 31. Grants-in-aid.	√									√	
70	(01) (01) Assignment of taxes on Maharashtra Professions, Trades, Callings and Employment- (Municipal Councils (3604 037 2), 31. Grants-in-aid.	√									√	
71	(00) (02) Grant-in-aid to Municipal Councils on account of abolition of Pilgrim tax (3604 014 7), 31, Grant-in-aid.	√									√	
72	31(00) (04) Payment of Grant-in-aid to the Municipal Councils on account of Levy of Stamp duty for certain transfer to immovable property situated in Municipal area (3604 016 5), , Grant-in-aid.	√									√	

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
73	(00) (05) Payment of compensation to Municipalities in respect of rent recovered from large Residential Quarters (3604 051 2) 31, Grant-in-aid.	√									√	
74	(00) (07) Payment of grant-in-aid to the "C" Class Municipal Councils on account of royalty on the minor minerals (3604 017 4), 31, Grant-in-aid.	√									√	
75	(00) (08) Compensation to Grant to Municipal Council on account of cancellation on Octroi Tax in Municipal council Area (3604 052 1), 31, Grant-in-aid.	√									√	
76	III. 2215, WATER SUPPLY AND SANITATION											
77	3.1 Central Grants/Schemes/Programmes											
78	(03) (02) Accelerated Urban water Supply Programme (Central Share) (2215 18 34) (50:50).			√							√	
79	(03) (03) Special assistance of Government of India as per recommendation of the 11 th Finance commission (2215 20 26).			√						√	√	
80	(03) (04) Solid Waste Management and Drainage Project of Airfield Town, Pune (2215 20 53).			√						√		
81	(01) (04) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 90 85) (Central Share).			√				√		√	√	
82	3.2 State Grant/Schemes/Programme for Municipal Council/ Nagar Panchayats											
83	(02) (02) Grant-in-aid for Water Supply and Drainage Schemes of Municipalities (Local Bodies)- (2215 16 47).			√							√	
84	(03) (01) Accelerated Urban Water Supply Programme State Share (2215 18 16).			√							√	
85	(02) (09) Removal of Regional Imbalance (2215 19 97).			√								√

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
86	(02) (10) Grant-in-aid to Municipal Corporations and Municipalities (Local Bodies) Nagri Dalit Vasti Water Supply Schemes in Urban Areas (Special Component Plan) (2215 20 62).			√					√	√	√	
87	(02) (12) Grant-in-aid to Municipal Corporations and Municipalities (Local Bodies) for providing private water connections to families of SCs and Nav-oudhas in urban areas. (2215 931 6).			√					√	√	√	
88	(01) (01) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 17 27).			√					√	√	√	
89	(01) (03) Execution of Sant Gadgebaba Nagari Swachhata Abhiyan, Advertising Publicity and Reward Scheme (2215 2044) 26, Advertising and Publicity.											√
90	(02) (01) Execution of Sant Gadgebaba Nagari Swachhata Abhiyan, Advertising Publicity & Reward Scheme (Non-plan) (2215 2311), Advertising and Publicity.											√
91	(01) (02) Bhatsai Project for Water Supply to Greater Bombay 32, Contribution.			√						√		
92	IV. Housing Department											
93	4.1 Central Grants/Schemes/Programmes											
94	(05) (01) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan (Central Share) (2216 145 2).			√		√		√		√		
95	(05) (02) Jawaharlal Nehru National Urban renewal Mission—Integrated Housing and Slum Development Programme Plan (Central Share) (2216 146 1).			√		√		√		√	√	
96	(05) (03) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to			√		√		√		√		

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
	Urban Poor Plan –(Special Component Plan) (Central Share) (2216 258 4).											
97	(05) (04) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme (2216 259 3) (Special Component Plan) (Central Share).			√		√		√		√	√	
98	(06) (01) Rajiv Awas Yojana for the Slum Dwellers and the Urban Poor Envisaged. (2216 263 7).			√		√		√		√	√	
99	4.2 State Grant/Schemes/Programme											
100	(01) (05) Slum Improvement Works—Civic Amenities at Mata Ramabai Ambedkar Nagar and Kamraj Nagar, Ghatkopar (East) (Special Component Plan) (2216 261 9).			√					√	√		
101	(01) (06) Slum Clearance Works—Civic Amenities to Schedule Caste Population Residing in Slum Pockets (Special Component Plan) (2216 262 8).			√					√			√
102	(03)(08) Subsidy to Beedi Labourers for Housing (2216 12 02) state share.			√					√			√
103	(04) (01) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan (State Share) (2216 142 5) state share.			√		√			√	√		
104	(04) (02) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme (2216 143 4) (State Share).			√		√			√	√	√	
105	(04) (03) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan –(Special Component Plan) (State Share) (2216 256 6).			√		√			√	√		

Sr. No.	Grants/ Schemes	Table 2.5: Conditions on the Use of Grants /Schemes				Table 2.10: Reform Linked Funding		Table 2.12: Funds Earmarked for the Poor		Table 2.16: Earmarking in Budget by type of ULBs		
		Untied	Partially tied	Sector specific use require (UWSS)	Sector specific use required (other sectors)	Central Programme	State Programme	Central Fund	State Fund	Municipal Corporation (MC)	Municipality (NP)	Not Earmarked – (MC+NP)
106	(04) (04) Jawaharlal Nehru National Urban renewal Mission—Integrated Housing and Slum Development Programme (2216 257 5). (Special Component Plan) (State Share).			√		√		√	√	√		

Note: SGNSA and Incentive Grant to Municipal Corporations (Non-salary) are Non-plan grants, hence these are not considered in the above analysis.

Annex Table: A2.6: Budget Summary for GoM, UDD, WSSD and Housing (Rs in Billions)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average (2005-06 to 2010-11)
	Actual	Actual	Actual	Actual	Actual	Rev Est	Budget	
State Government Own Revenue Receipts (Rs in billion)	335.39	400.98	475.28	520.31	591.06	734.96	836.86	556.41
TOTAL State (Plan Expenditure)	129.80	171.35	199.98	256.92	318.79	380.61	457.96	273.63
TOTAL State (Non-plan Expenditure)	593.81	613.70	621.96	749.30	859.02	1004.92	1083.29	789.43
TOTAL State (Development Work)	449.23	486.93	536.48	699.13	815.35	936.39	1008.25	704.54
TOTAL State (Non-development Work)	274.38	298.13	285.46	307.09	362.46	449.14	533.00	358.52
TOTAL State Expenditure	723.62	785.06	821.94	1006.22	1177.81	1385.53	1541.25	1063.06
UDD+WSSD+Housing (Plan)	14.69	20.46	28.75	26.29	51.81	50.48	60.12	54.14
UDD+WSSD+Housing (Non-plan)	19.23	18.86	20.71	16.80	23.95	24.33	26.74	25.01
UDD+WSSD+Housing (Plan+non-plan)	33.92	39.32	49.46	43.08	75.76	74.81	86.86	79.14
TOTAL UDD (Plan)	9.68	13.00	20.62	22.36	38.67	31.59	37.29	24.74
TOTAL UDD (Non-plan)	8.14	11.48	11.58	11.67	17.28	17.27	19.27	13.81
TOTAL UDD (Plan + Non-plan)	17.82	24.48	32.20	34.03	55.95	48.86	56.56	38.56
TOTAL WSS (Plan)	5.02	7.46	8.13	3.93	4.31	3.79	5.33	5.42
TOTAL WSS (Non-plan)	11.09	7.38	9.12	5.12	5.58	5.33	6.03	7.09
TOTAL WSS (Plan + Non-plan)	16.10	14.84	17.25	9.05	9.89	9.12	11.36	12.52
TOTAL Housing (Plan)					8.83	15.10	17.50	13.81
TOTAL Housing (Non-plan)					1.09	1.74	1.45	1.42
TOTAL Housing (Plan + Non-plan)					9.92	16.84	18.95	15.24

Source: State Budgets, DoF, GoM, State Budgets, 2005-10; DoF, GoM, Revised Estimates 2010-11 and DoF, GoM, Budget Estimates 2011-12; Civil Budget Estimates, Urban Development Department, 2007 – 11; Civil Budget Estimates, Water Supply and Sanitation Department, 2006-11; Civil Budget Estimates, Housing Department. 2008 - 11

Annex Table A2.7: Estimated UWSS Sector Investment Finance in Maharashtra and Main Sources (Rs in Billion)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average per Annum*
	Actual	Actual	Actual	Actual	Actual	Rev Est	Budget	
Central grants, centrally sponsored schemes (CSP) – Central share, MPLAD fund	0.52	5.74	12.45	13.16	23.16	16.81	20.23	11.97
State grants, schemes and share in CSPs	2.37	1.94	2.43	2.79	4.97	6.15	11.11	3.44
ULB share in funding in billions	0.00	1.51	3.41	5.13	7.49	12.02	NA	4.93
Total	2.89	9.19	18.29	21.08	35.61	34.97	31.34	20.34

Source: State Budgets, DoF, GoM, State Budgets, 2005-10; DoF, GoM, Revised Estimates 2010-11 and DoF, GoM, Budget Estimates 2011-12; Civil Budget Estimates, Urban Development Department, 2007 – 11; Civil Budget Estimates, Water Supply and Sanitation Department, 2006-11; Civil Budget Estimates, Housing Department, 2008 – 11. The average does not include data for 2011-12 as ULB share in that year is not available.

Annex Table: A2.8: Population projection for Maharashtra State – Urban (in Millions)

Year	2005	2006	2007	2008	2009	2010	2011
Urban Population (Based on Population Projection)	45548445	46664734	47792793	48936206	50088220	51245055	52288698

Source: Report of the Technical Group on Population Projections Constituted by The National Commission on Population May 2006, Census of India

Annex Table A2.9: Share of Municipal Corporations versus Municipalities in UWSS Finance, 2005-11 (Rs in Million)

		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Average 2005-06 to 2010-11
Central Programmes and Grants (CPG)	Municipal Corporation (MC)	63	3324	11480	12250	19081	15761	10327
	Municipal Council (Muni)	235	2196	753	714	3876	924	1449
	not earmarked	223	220	215	198	205	124	198
	Total	522	5740	12448	13162	23162	16809	11974
State Programmes and Grants (SPG)	MC	1600	1430	1625	1644	3629	4756	2447
	Muni	639	420	793	1148	1316	1127	907
	not earmarked	132	89	12	0	23	263	86
	Total	2371	1938	2430	2792	4967	6145	3441
ULB Contribution (ULB)	MC	0	1515	3409	5127	7317	11904	4878
	Muni	0	0	0	0	169	114	47
	Total	0	1515	3409	5127	7485	12017	4925
Total UWSS Finance	MC	1664	6269	16505	19020	29995	32378	17639
	Muni	874	2615	1554	1863	5391	2207	2417
	not earmarked	355	309	227	198	228	386	284
	Total	2893	9193	18287	21081	35614	34971	20340

Source: MSNA GR 'GR no./napapu-2008/CR No.1/WS-22' dated 22 October 2008, MSJNMA GR no.NUR-2008/Pr.no-203/UD-33 dt.20th February, 2010, UDD GR 20110316213346001 dated 23 February 2011 and GR 20110430112741001 dated 31 March, 2011

Annex Table A2.10: Selected Programmes/ Schemes for the Urban Poor with Possible UWSS Funding

Grants/ Schemes	Allocation/ Investments and Estimates (Rs. in Million)							
	Actuals, 2005-2006	Actuals, 2006-2007	Actuals, 2007-2008	Actuals, 2008-2009	Actuals, 2009-2010	2010-2011 (RE)	2011-12 (BE)	Average
UDD								
(00) (25) Providing facilities to Dalit Vasties in Urban Areas (Special Component Plan) (2217 114 1), 31, Grant-in-aid.	570	519	586	386	277	308	368	431
(00) (59) Grant-in-aid to Municipal Corporations for Dr. Babasaheb Ambedkar Shram Safalya Awaz Yojana (2217 804 8).	0	0	0	0	0	14	8	3
(00) (62) Providing Facilities to Dalit Vasties Municipal Councils in Urban areas (Special Component Plan) (2217 807 5).	42	0	0	0	0	0	0	6
(00) (71) Grant-in-aid to Municipal Councils for Dr. Babasaheb Ambedkar Shram Safalya Awaz Yojana (2217 860 2).	0	0	0	0	0	13.5	7.5	3
WSSD								
(01) (04) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 90 85) (Central Share).	0	0	0	0	9	45	60	16
(02) (10) Grant-in-aid to Municipal Corporation and Municipalities (Local Bodies) Nagri Dalit Vasti water Supply Schemes in Urban Areas (Special Component Plan) (2215 20 62).	0	95	100	91	75	93	100	79
(02) (12) Grant-in-aid to Municipal Corporations and Municipalities (Local Bodies) for providing private water connections to families of SCs and Nav-Boudhas in urban areas. (2215 931 6).	0	0	0	0	0	450	500	136
(01) (01) Grant-in-aid to Maharashtra Jeevan Pradhikaran for Low Cost Sanitation Programme (2215 17 27).	1	0	0	5	2	23	50	12
HOUSING								
(05) (01) Jawaharlal Nehru National Urban Renewal Mission—Basic Services to Urban Poor Plan (Central Share) (2216 145 2).	0	0	0	0	727	1005	1035	395

Grants/ Schemes	Allocation/ Investments and Estimates (Rs. in Million)							
	Actuals, 2005-2006	Actuals, 2006-2007	Actuals, 2007-2008	Actuals, 2008-2009	Actuals, 2009-2010	2010-2011 (RE)	2011-12 (BE)	Average
(05) (02) Jawaharlal Nehru National Urban Renewal Mission – Integrated Housing and Slum Development Programme Plan (Central Share) (2216 146 1).	0	0	0	0	440	405	436	183
(05) (03) Jawaharlal Nehru National Urban Renewal Mission – Basic Services to Urban Poor Plan – (Special Component Plan) (Central Share) (2216 258 4).	0	0	0	0	0	173	0	25
(05) (04) Jawaharlal Nehru National Urban Renewal Mission – Integrated Housing and Slum Development Programme (2216 259 3) (Special Component Plan) (Central Share)	0	0	0	0	0	54	0	8
(06) (01) Rajiv Awas Yojana for the Slum Dwellers and the Urban Poor Envisaged. (2216 263 7).	0	0	0	0	0	0	0	0
(01) (05) Slum Improvement Works – Civic Amenities at Mata Ramabai Ambedkar Nagar and Kamraj Nagar, Ghatkopar (East) (Special Component Plan) (2216 261 9).	0	0	0	0	0	70	0	10
(01) (06) Slum Clearance Works – Civic Amenities to Schedule Caste Population Residing in Slum Pockets (Special Component Plan) (2216 262 8).	0	0	0	0	0	234	342	82
(03)(08) Subsidy to Beedi Labourers for Housing (2216 12 02) state share.	0	0	0	0	23	29	8	8
(04) (01) Jawaharlal Nehru National Urban Renewal Mission – Basic Services to Urban Poor Plan (State Share) (2216 142 5) state share.	0	0	345	585	0	293	370	228
(04) (02) Jawaharlal Nehru National Urban Renewal Mission – Integrated Housing and Slum Development Programme (2216 143 4) (State Share).	0	0	117	12	0	133	319	83
(04) (03) Jawaharlal Nehru National Urban Renewal Mission – Basic Services to Urban Poor Plan – (Special Component Plan) (State Share) (2216 256 6).	0	0	0	0	0	92	0	13

Grants/ Schemes	Allocation/ Investments and Estimates (Rs. in Million)							
	Actuals, 2005-2006	Actuals, 2006-2007	Actuals, 2007-2008	Actuals, 2008-2009	Actuals, 2009-2010	2010-2011 (RE)	2011-12 (BE)	Average
(04) (04) Jawaharlal Nehru National Urban Renewal Mission—Integrated Housing and Slum Development Programme (2216 257 5) (Special Component Plan) (State Share).	0	0	0	0	0	16	136	22

Source: State Budgets, DoF, GoM, State Budgets, 2005-10; DoF, GoM, Revised Estimates 2009-11 and DoF, GoM, Budget Estimates 2010-12; Civil Budget Estimates, Urban Development Department, 2007 – 11; Civil Budget Estimates, Water Supply and Sanitation Department, 2006-11; Civil Budget Estimates, Housing Department. 2008 - 11

Annex Table 2.11: Extent of Funds Earmarked for the Poor from the State Budget

Source of Funding	Grants / schemes earmarked for the poor	Total Urban Sector Funding for the poor – 2009-10 (Rs. in Billion) (% to total Plan funds in source)
Central funds	WSSD - ILCS programme Housing Department –BSUP, IHSDP, RAY.	7.79 (22.81%)
State funds	UDD - Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana , Providing facilities to Dalit Vasties in Urban areas. WSSD - Nagri Dalit Vasti Water Supply Schemes in Urban Areas, private water connections to families of SC's and Nav-Boudhas in urban areas, Low Cost Sanitation programme Housing Department - Slum Improvement Works , Slum Clearance Works, Subsidy to Beedi Labourers for Housing State share in centrally sponsored schemes.	1.15 (7.55)
Total	Total funds earmarked for urban poor as a share of total plan funds for UDD+WSSD+Housing (excluding MPLAD).	8.94 (18.09%)

Sources and notes: Refer Tables A2.1, A2.3, A2.5, A2.7 and 2.10 for details of sources and assumptions.

Annex Table A2.12: Reclassification of Census town categories as per HPEC

Census Class	Reclassified *	Population Size
Cities		
Class I	Class IA	>5 million
	Class IB	1 million-5 million
	Class IC	100000-1 million
Towns		
Class II	Class II	50000-100000
Class III	Class III	20000-50000
Class IV	Class IV+	<20000
Class V		
Class VI		

Annex Table A2.13: No. of ULBs in Maharashtra categorised according to population class of HPEC

Type of ULB	Reclassification of Census town category by HPEC						Total
	Class IA	Class IB	Class IC	Class II	Class III	Class IV+	
	>5 million	1 million - 5 million	100000 - 1 million	50000 – 100000	20000 – 50000	<20000	
Municipal Corporations	1	11	11	0	0	0	23
Municipality Class A	0	0	15	0	0	0	15
Municipality Class B	0	0	12	42	4	1	59
Municipality Class C	0	0	0	2	113	30	145
Nagar Panchayat (NP)	0	0	0	0	4	2	6
Total	1	11	38	44	121	33	248

Annex Table A2.14: High Powered Expert Committee (HPEC) norms on Per Capita O&M for UWSS Service Delivery

Per Capita Operations and Maintenance Cost (PCOM) in Rs					
City Size Class	Water Supply	Sewerage	SWM	Drains	UWSS Sector
Class IA	797	414	269	62	1542
Class IB	613	373	189	62	1237
Class IC	491	290	135	78	994
Class II	491	290	113	32	926
Class III	368	207	113	42	730
Class IV+	245	145	113	42	545

Sources: Report on Indian Urban Infrastructure and Services, The High Powered Expert Committee (HPEC) for Estimating the Investment Requirements for Urban Infrastructure Services, March 2011

Annex Table A2.15: Per Capita Norms for O&M derived from HPEC for type of ULBs of Maharashtra

Type of ULB	Water Supply	Sewerage	Solid waste	Drains	UWSS
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Municipal Corporations	563	335	167	70	1134
Municipality Class A	491	290	135	78	994
Municipality Class B	374	220	88	26	709
Municipality Class C	337	191	111	41	682
Nagar Panchayat	163	97	75	28	363

Source: HPEC norms on per capita O&M for UWSS Sector

Note:

- Classification of cities based on population is different in HPEC & Maharashtra ULBs. Thus Per capita norms for O&M have been arrived at by clubbing class 'IA', 'IB' & 'IC' from HPEC and using their weighted average to enable comparison with Municipal Corporations for Maharashtra data.
- Weighted averages from class 'II' & 'III' from HPEC have been compared against Municipality class 'B' for Maharashtra
- Similarly weighted averages from class 'III' & 'IV+' from HPEC have been compared against Municipality class 'C' for Maharashtra

Annex Table A2.16: Per capita recurrent expenditure on UWSS Service Delivery – 2009 Rs/annum

Type of ULB	Water Supply	Sewerage	Solid waste	Drains	UWSS
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Municipal Corporations	306.6	40.2	251.2	12.8	610.8
Municipality Class A	144.2	99.6	87.4	12.4	343.6
Municipality Class B	184.9	65.7	123.8	2.1	376.4
Municipality Class C	226.2	82.6	122.3	38.6	469.7
Nagar Panchayat	94.5	32.1	180.6	ND	307.1

Sources: Per capita expenditure for 2008-09: Population & Actual recurrent expenditure on UWSS taken from PAS result, 2009; Notes: No of cities having sewerage system: 32

Annex Table A2.17: Comparison of Actual to required Per Capita O&M Expenditures for UWSS Sector – 2009

ULB Category	Actual Per Capita Expenditure as % of required Per Capita O&M Expenditure				
	Water Supply	Sewerage	Solid waste	Storm Water Drainage	UWSS
Municipal Corporations	54.5	12.0	150.7	18.4	53.9
Municipality Class A	29.4	34.4	64.7	15.9	34.6
Municipality Class B	49.4	29.8	140.5	8.1	53.1
Municipality Class C	67.0	43.2	109.7	93.2	68.9
Nagar Panchayat	57.8	33.2	239.7	ND	84.5

Source: Results from the survey of all ULBs under CEPT University's PAS Project

*Based on data reported by 84%, 46%, 60% and 9% cities for water, sewerage, solid waste and drainage respectively.

Annex Table 3.1 - DMA Inspection report formats (UWSS and Finance)

Sr. No.	Format No.	Format title	Information collected
1.	6	Council Fund	Name of fund, pay amount by rule, actual balance, estimate amount, reason for inability to pay the amount.
2.	7	Total balance and Duties by Municipal Council	Duties, amount, balance amount, total amount
3.	8	Funds	Details of fund flow from different govt. depts. like name of fund, percentage of fund, expected fund, deducted amount, reason for deduction, fund received after deduction.
4.	9	Advance amount to contractors	Details of amount paid to contractors, employees, action for management, reasons for lack of management.
5.	10	Details of Loan repayment	Date, source, amount, interest rate of loan, repayment period and amount, amount repaid and balance instalment.
6.	11	Last five Years Income of Council	Income from funds / Loan by government, income from octroi, property tax, special water tax, electricity, license fee, rent etc.
7.	12	Octroi Income	Actual income and monthly loan
8.	15	Tax and collection in Inspection Year	Type of tax, rate of tax, total demand and collection, Governmental /Semi governmental/Cooperative organisational Arrears, Arrears due to court matters, demand excluding arrears and total percentage.
9.	22 (A)	Water Supply	Year wise expenditure for water supply like electricity bills, spare parts, machinery, repairing etc., special income from extra water tax and % of total income.
10.	22 (B)	Water quality sample checked in Public Health Laboratory	Total no of samples, no. of polluted samples, reason for sending samples for testing, precaution to prevent pollution.
11.	22 (C)	Water tap connections and Rate (user charges)	Type of tap connection, govt. and municipal council rate for with and without meter connection, demand collection.
12.	23	Information of Water Supply scheme	Quantity of water supplied from main source, water treatment plant, ESR, at consumer end, type and no. of connections, total no. of illegal connection, actions for legalisation of illegal connection.
13.	53	Suvarna Jayanti Shahari Rozgar Yojna	Sector wise details of fund received, expenditure and balance since the beginning of the scheme as well as for the inspectional year, expenditure during the year and the arrears.
14.	62	Sewerage Management system	Year of construction of UGD, length of UGD, process of sewage treatment, total no of families, no. of individual and public toilets, system for collection from septic tank, drainage tax and demands.
15.	63	Solid Waste Management (A)	Quantity of solid waste from different sources, no of dustbin, boxes, solid waste collection methods, no of vehicles for waste collection, no of solid waste dumping sites, techniques used for solid waste disposal.
16.	64	Solid Waste Management (B)	Length of roads under daily, weekly and bi weekly cleaning , total no. of sweepers etc.
17.	64	Arrangement for increase source of Revenue	Details like name and amount of new and revised taxes in last five financial years.

Source: Directorate of Municipal Administration, GoM, 2010

Annex Table 3.2: List of Reports received by Divisional Offices from ULBs

Format No.	Title
01	SJSRY
02	Cumulative financial expenditure
03	MSNA
04	Fire Fighting
05	Adhar Kendrya
06	Pherewala (hawkers and vendors)
07	Shram Safalya
08	Encroachment
09	Third Party Audit
10	Structural Audit
11	UIDSSMT
12	IHSDP
13	ILCS
14 i	e-governance
14 ii	Double Entry System
14 iii	GIS
14 iv	Property Tax
14 v	O & M Cost / User Charges
14 vi	Rain Water Harvesting
14 vii	Waste Water Recycling Rules
14 viii	DCR
14 ix	Community Participation Law
14 x	Public Disclosure law
14 xi	Urban Poor Budget
14 xii	Administration and Structural reforms

Source: Office of the Divisional Commissioner, Pune Division

Annex Table 3.3: An overview of the websites of municipal corporations of Maharashtra under JNNURM

Sr. No.	Name of municipal corporation	Has a website - Y/N	Working (Y/N)	JNNURM city	General information provided	Has a website - Y/N	Working - Y/N	Type of information uploaded					
								QPR, MPR	GRMs	Disaster management	Budget	Important projects	Other information
1	Greater Mumbai	Y	Y	Gives detailed list of JNNURM projects, other projects.	Gives list of documents required for applying for new water connection, online complaint registration and follow up, online payment of water bill, public notification on installation of AMR meter reading in the western and eastern suburbs.	Y	Y		Y	Y	Y	Y	All relevant information (info) for e-tendering, info on disaster management, important projects, general budget as well as gender budget.
2	Kalyan - Dombivali	Y	Y	Info on water supply available, other links did not open. CDP not available.	Annual account report, complaint registering and tracking system.	Y	Y		Y				
3	Nagpur	Y	Y	Broad sectors under JNURM/BSU P funding like housing, transport etc. are listed in the website, the names of various reports generated are listed, but reports NA.	Online information for prospective bidders for 24x7 water supply scheme, citizen charter on water connection and supply. Complaint registration possible.	Y	Y		Y			Y	Contact details of ward councillors, party leaders, office circular, public notices, list of all projects, list of services provided and response time required.
4	Nanded - Waghala	Y	Y	DPR for some of the JNNURM projects are uploaded. Weekly reports till Dec., 2010 are given. The progress of BSUP in terms of physical achievement of the	Contact numbers of officials; no provision for grievance redressal.	Y	Y		N	Y	Y		Budget, disaster management.

Sr. No.	Name of municipal corporation	Has a website - Y/N	Working (Y/N)	JNNURM city	General information provided	Has a website - Y/N	Working - Y/N	Type of information uploaded					
								QPR, MPR	GRMs	Disaster management	Budget	Important projects	Other information
				components is listed.									
5	Nashik	Y	Y	QPR of UIG and BSUP uploaded for Q1, 2011.	Online services for prospective bidders for 24x7 water supply scheme, citizen charter on water connection and supply. Complaint registration possible.	Y	Y		Y		N		List of BSUP beneficiaries, e-tenders; budget not given. Many pages do not open.
6	Pune	Y	Y	Various DPRs of JNNURM projects are uploaded, QPR and MPR of JNNURM available. List of projects also given.	Complaint registration possible. Information in Marathi in attached weblinks/pdf files.	Y	Y	Y	Y	N	Y	Y	Budget with income and expenditure details.
7	Ulhasnagar	Y	Y	CDP is uploaded, no progress reports. List of other ongoing and future projects are given.	Some information on SGBA given in Marathi, separate department wise pages for logging grievances. Details of documents required to apply for new water connection.				Y	Y			Contact details of all officials and offices, budget, information on disaster management, application forms for citizen services and grievances. 24 x7 Call centre for grievance redressal.

Annex Table 3.4: An overview of the websites of municipal corporations of Maharashtra under JNNURM

Sr. No.	Name of municipal corporation	Has a website - Y/N	Working (Y/N)	UIDSSMT town (Y/N)	UIDSSMT related information	General information provided	Has a website - Y/N	Working - Y/N	Type of information uploaded					
									QPR, MPR	GRMs	Disaster management	Budget	Important projects	Other information
1	Ahmednagar	Y	Y	Y	No details on UIDSSMT.	Citizen's charter is given in Marathi.								
2	Akola	N	na	Y	Nil		N	na						
3	Amravati	N	na	Y	Nil		N	na						
4	Aurangabad	Y	Y	Y	No details on any scheme, City Sanitation plan has been posted.	Ward wise water supply time table, complaint registration form.	Y	Y		Y		Y		BPL list, names of officials and elected members with contact numbers, forms for various certificates, budget.
5	Bhiwandi-Nizampur	Y	Y	N	-	Complaint registration website not opening	Y	Y		Y	Y			Gives info on disaster management
6	Dhule	Y	Y	N	-	Gives complaint and feedback form.	Y	Y		Y				Gives names and contact nos. of officials, and the names of corporators.
7	Jalgaon	N	N	N	-		Y	Y						
8	Kolhapur	Y	Y	Y	No details on UIDSSMT. Budget, CDP, environmental status report, summary of Nagarothan, GIS, NRCP and other state funded projects are provided	Details of percentage of water supply charges collected, documents required for getting new water and sewage connection, time required to attend to different complaints, water tariff, services provided by sanitation department	Y	Y				Y		E-tenders, public notices, important phone numbers of ULB as well as all service numbers in the city.

Sr. No.	Name of municipal corporation	Has a website - Y/N	Working (Y/N)	UIDSSMT town (Y/N)	UIDSSMT related information	General information provided	Has a website - Y/N	Working - Y/N	Type of information uploaded					
									QPR, MPR	GRMs	Disaster management	Budget	Important projects	Other information
9	Malegaon	Y	Y	Y	-	Most of the pages were not opening.	Y	Y	-	-	-	-	-	-
10	Mira - Bhayandar	Y	Y	N	-	Marathi website	Y	Y			Y			Environmental status report, DCRs, bye laws for grey water reuse in housing, disaster management, forms for tax assessment, licences etc.
11	Navi Mumbai	Y	Y	N	-	Zone-wise length of sewer-line, O&M cost of sewerage system for 2006-07, for public toilets, names and contact nos. of ULB officials, elected members, grievance redressal options.				Y	Y			Info on disaster management
12	Pimpri - Chinchwad	Y	Y	N	-	Not much info on water and sanitation.	Y	Y						
13	Sangli-Miraj-Kupwad	Y	Y	Y	No details on UIDSSMT. Summary of proposed works under IHSDP available; no financial details are given; area wise development plans available.	Details of percentage of water supply charges collected, defaulter's list, complaints registration and tracking system, tracking the application status.	Y	Y		Y		Y		
14	Solapur	Y	Y	Y	IHSDP MPRs are uploaded.	Application form for new water, drainage	Y	Y		Y				Contact details of ward members,

Sr. No.	Name of municipal corporation	Has a website - Y/N	Working (Y/N)	UIDSSMT town (Y/N)	UIDSSMT related information	General information provided	Has a website - Y/N	Working - Y/N	Type of information uploaded					
									QPR, MPR	GRMs	Disaster management	Budget	Important projects	Other information
					Executive summary of CDP for UIDSSMT uploaded.	connection, repair of drainage etc. complaint registration form.								zonal offices, budget not available,
15	Thane	Y	Y	N	-	Description of repairs in water supply, drainage work and time period required to complete them, address to send the complaints.				Y				

The Performance Assessment System (PAS) Project

The Performance Assessment System (PAS) Project supports development of appropriate tools and methods to measure, monitor and improve delivery of urban water and sanitation services in the states of Gujarat and Maharashtra. The PAS Project includes three major components of performance measurement, performance monitoring and performance improvement. It covers all the 400+ urban local governments in Gujarat and Maharashtra.

CEPT University has received a grant from the Bill and Melinda Gates Foundation for the PAS Project. It is being implemented by CEPT University with support of Urban Management Centre (UMC) in Gujarat and All India Institute of Local Self-Government (AIILSG) in Maharashtra.

PAS Project

CEPT University
Kasturbhai Lalbhai Campus, University Road, Navrangpura, Ahmedabad - 380 009
Gujarat, India

Tel: +91-79-26302470
Fax: +91-79-26302075
www.pas.org.in