

An outlining of urban transformation strategies

Cities are home to about 50 crore people, accounting for about 36% of India's population. The urban population has been growing at a steady pace of 2% to 2.5% annually. The ever-growing pace of urbanisation in India calls for sustained investments, with a vision and determination. The maiden Budget of the new government has recognised cities as the growth hubs and offered many options and opportunities for the planned development and the growth of cities.

The issue of housing

The Pradhan Mantri Awas Yojana (Urban) has been under implementation since 2015 and has provided as many as 85 lakh housing units for the Economically Weaker Sections (EWS)-Middle Income Groups (MIG) categories of population, with an investment of about ₹8 lakh crore. Of this, a quarter has been provided by the central government and the remaining by the beneficiaries and State governments. The Budget has proposed to give a further push to the scheme by announcing support for the construction of another one crore such units in urban areas with an investment of ₹10 lakh crore, which will include central assistance of ₹2.2 lakh crore in the next five years, against which ₹30,171 crore has been provided in the Budget for the current year. A part of this allocation will be available to provide interest subsidy to facilitate loans at affordable rates.

The migrant population working in industries has been surviving in general in slums and yearning for a roof over their heads and a functional housing unit close to their workplaces. The Budget has announced new rental housing with dormitory-type accommodation for industrial workers. This is envisaged to be developed in public-private partnership (PPP) mode with upfront financial support under the Viability Gap Funding (VGF) scheme. This is to the extent of 20% from the central government, with the possibility of similar support from the State government.

The core infrastructure requirement for cities includes water supply, sanitation, roads and sewerage systems. Specific to the cities, the Atal



Sudhir Krishna

former Secretary,
Urban Development,
Government of India

State governments, their municipalities and also citizens will have to take forward the provisions outlined in the Budget

Mission for Rejuvenation and Urban Transformation (AMRUT) provides ₹8,000 crore, which, by itself, may not appear to be very substantial. However, the Finance Minister has announced the availability of the VGF window, provided that the project is taken up as a commercial venture in PPP Mode. Most cities have, over the years, got exposed to the PPP model, and it should be possible to speed up the development of such core infrastructure, where it is unavailable and upgrade it where it exists but is inadequate.

The Budget Speech also mentions a huge investment of ₹11.11 lakh crore for capex in infrastructure. While this would include highways and many other sectors, cities can also make efforts to partake a share in it. Similarly, a provision of ₹1.50 lakh crore is made available to States as an interest-free loan for infrastructure development. States could use this window also, for cities.

The Smart Cities Mission, that was launched in 2015, was provided budgetary support of ₹8,000 crore in 2023-24, which has been scaled down to ₹2,400 crore in 2024-25, to take care of the remnant commitments. However, a new window, the National Urban Digital Mission (NUDM), has been opened in this Budget, with a provision of ₹1,150 crore, with a focus on the digitisation of property and tax records and their management, with GIS mapping. These will help urban local bodies in managing their finances better, and also help property owners.

On city planning

The Budget has declared the intention of focusing on the planned development of cities. Municipalities would get the normal 'Finance Commission Grant' of ₹25,653 crore. In addition, a provision of ₹500 crore has been made for the incubation of new cities. With the development of mass rapid transit systems, cities can embark on transit-oriented development, wherein transit hubs can be surrounded by denser development without creating a traffic overload on roads. Moreover, a well-designed mobility plan can conveniently connect cities with their peri-urban areas and 'new cities'. Accordingly, the Budget

has announced an enhanced focus on economic and transit planning, with the orderly development of peri-urban areas utilising town planning schemes. The Budget has also proposed encouraging electric bus systems for cities and has provided ₹1,300 crore for it. E-buses offer an economical and eco-friendly operating system, but the main challenge is their higher upfront cost. However, with this budgetary support, it should get going.

Solid waste management

Solid waste management (SWM) is perhaps the biggest challenge that most cities face today. The Budget has announced a special thrust to introduce bankable projects for SWM in collaboration with State government and financial institutions. States and municipalities can also make use of the VGF for this purpose. Cities such as Indore, Madhya Pradesh, have shown the way in making SWM a financially viable proposition.

The Street Vendors Act, 2014, was enacted by Parliament to regulate street vendors in public areas and protect their rights. It also envisaged the preparation of street-vending plans and the creation of street-vending zones, with a view to make street-vending a healthy and safe option for consumers and vendors. The Budget has proposed to develop 100 weekly 'haats' or street food hubs in select cities. Perhaps States need not feel constrained with the number and can facilitate all cities in preparing street-vending plans and developing street vending 'haats' in various parts of the city, according to felt needs.

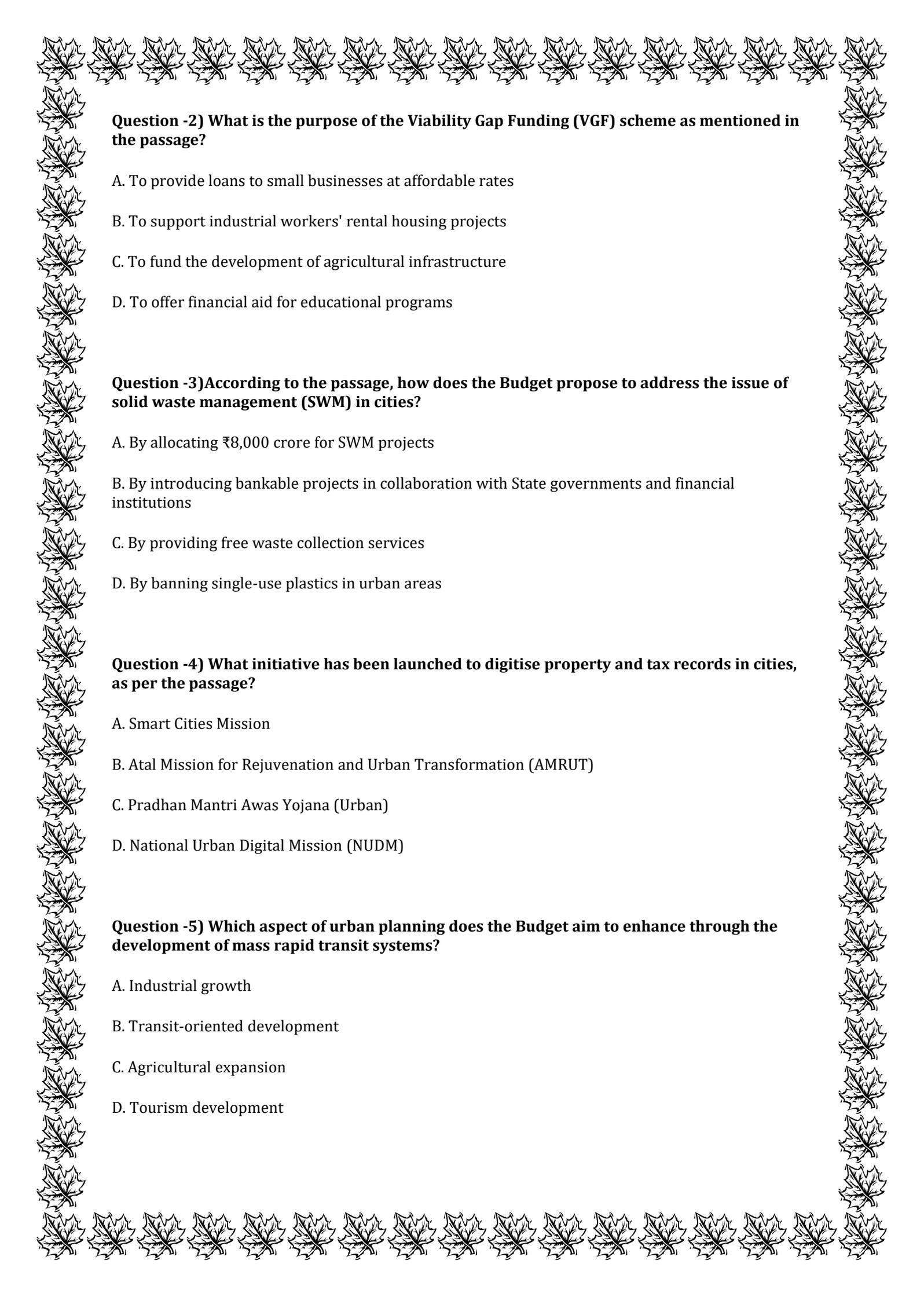
While the Budget has made a slew of provisions, financial as well as procedural, to push for planned urbanisation, cities, represented by the municipalities, and guided by the respective State governments, will have to show the vision and the determination to incorporate all the resources coming not only from the Union Budget but also augmented by their own resources.

Above all, the participation of citizens would remain the bedrock for the success of any city's development strategy.

The views expressed are personal

Question -1) Which of the following best describes the main focus of the Budget mentioned in the passage regarding urban development?

- Investment in rural infrastructure
- Support for small and medium enterprises (SMEs)
- Planned urbanisation and housing for economically weaker sections
- Agricultural subsidies



Question -2) What is the purpose of the Viability Gap Funding (VGF) scheme as mentioned in the passage?

- A. To provide loans to small businesses at affordable rates
- B. To support industrial workers' rental housing projects
- C. To fund the development of agricultural infrastructure
- D. To offer financial aid for educational programs

Question -3) According to the passage, how does the Budget propose to address the issue of solid waste management (SWM) in cities?

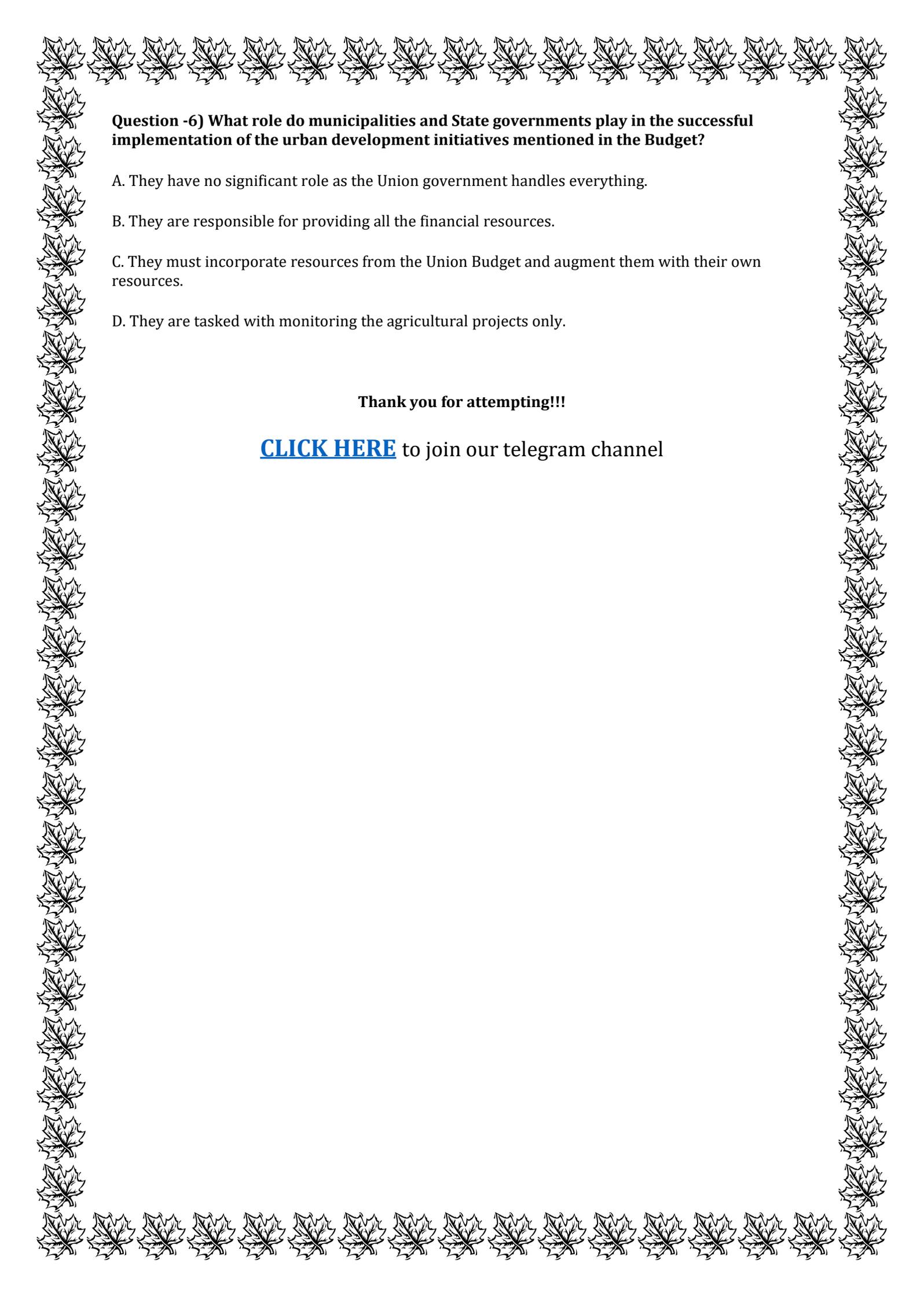
- A. By allocating ₹8,000 crore for SWM projects
- B. By introducing bankable projects in collaboration with State governments and financial institutions
- C. By providing free waste collection services
- D. By banning single-use plastics in urban areas

Question -4) What initiative has been launched to digitise property and tax records in cities, as per the passage?

- A. Smart Cities Mission
- B. Atal Mission for Rejuvenation and Urban Transformation (AMRUT)
- C. Pradhan Mantri Awas Yojana (Urban)
- D. National Urban Digital Mission (NUDM)

Question -5) Which aspect of urban planning does the Budget aim to enhance through the development of mass rapid transit systems?

- A. Industrial growth
- B. Transit-oriented development
- C. Agricultural expansion
- D. Tourism development



Question -6) What role do municipalities and State governments play in the successful implementation of the urban development initiatives mentioned in the Budget?

- A. They have no significant role as the Union government handles everything.
- B. They are responsible for providing all the financial resources.
- C. They must incorporate resources from the Union Budget and augment them with their own resources.
- D. They are tasked with monitoring the agricultural projects only.

Thank you for attempting!!!

[CLICK HERE](#) to join our telegram channel