

FACT SHEET: Description and Assessment of National Support Mechanisms for Financing Projects of Urban Transportation

INDIA

Item	Year				
	1992	2002	2012	2022 est.	2032 est.
Population (millions)¹	846	1020	1,210	1,435	1,701
Share of population living in urban areas (%)	26	28	30	35	40
Gross domestic product per capita (US\$)	326.63	468.96	873.75	1,368	2,146
Vehicle ownership per 1,000 residents	20	45	100	260	676
Administrative structure	Federal government divided in 28 states and 7 union territories				

1. NATIONAL POLICIES

Trends in Transportation

The share of public transport has been falling steadily while shares of privatized modes like cars and 2 wheelers is on the rise. In order to give a boost to public transport, the Government of India came up with the (Jawaharlal Nehru Urban Renewal Mission)JNNURM Scheme (which caters to 63 mission cities)under which approximately 15,000 buses were allocated amongst the mission cities.

National Policies

India has a National Urban Transportation Policy, which objective is to ensure affordable, quick, comfortable, affordable, reliable and sustainable access to the citizens in urban areas.

This is to be achieved by:

1. Incorporating urban transport as a parameter at the urban planning stage
2. Encouraging integrated land use and urban transport planning to minimize travel distances
3. Bringing about more equitable road space with focus on people
4. Encouraging greater use of NMT and PT by providing Central financial assistance for this purpose
5. Establishing effective regulatory and enforcement mechanisms that provide level playing field to all transport operators.
6. Building capacity(institutional and manpower) to plan for sustainable urban transport
7. Raising finances through innovative mechanisms that tap land as a resource, for investment in urban infrastructure.

Institutional Framework

Level of Government	Institutions	Role
First	Ministry of Urban Development (MoUD)	Development of national policies / programs
Second	States	Development of urban transportation strategies
Third	Municipal Corporation / Development Authority	Development of urban transportation strategies Execute programs

2. PROJECT IDENTIFICATION AND DEVELOPMENT

Institutions in charge of the development of mass transit technical projects	Cities come with their project to Ministry of Urban Development for funding
Financial assistance at the national level	Various schemes at national level like JNNURM, UIDSSMT, VGF etc
Technical assistance at the national level	No, but there are funding options available for cities to hire technical experts (consultants) for project documentation

Strengths	<ul style="list-style-type: none"> • Flexibility • Participation from cities • City ownership
Weaknesses	<ul style="list-style-type: none"> • Lack of technical expertise • Quality of work • No clear framework

3. FUNDING FOR INFRASTRUCTURE

Program	Jawaharlal Nehru Urban Renewal Mission (JnNURM)
Administering Entity	Ministry of Urban Development (MoUD)
Objectives	<ul style="list-style-type: none"> • Ensuring adequate funds to meet the deficiencies in urban infrastructural services • Special focus on urban renewal program for the old city areas to reduce congestion • Provision of basic services to the urban poor including improved housing, water supply, and sanitation, ensuring delivery of other universal services of government for education, health and social security
Scope	All types of urban infrastructure
Eligible modes	BRT, road widening, flyover, etc.
Eligibility	Large Cities – Cities with population of million plus and also special cities

	like state capital, cities with high inflow tourist – a total of 63 cities
Authorization	Multiple – 7 year program that ended on March 31, 2012
Award types	Grants, loans and combination of both
Recipients	Municipal Corporation / Development Authority (Public agencies)

Evaluation Process

JNNURM involves investment of over USD \$20 billion over seven year period in two sub-missions, namely:

1. Sub-Mission for Urban Infrastructure and Governance that focuses on water supply and sanitation, solid waste management, road network, urban transport and redevelopment of old city areas. This sub mission is administered by the Ministry of Urban Development (MoUD)
2. Sub-Mission for Basic Services to the Urban Poor (BSUP) that focuses on integrated development of slums. This submission is administered by the Ministry of Housing and Urban Poverty Alleviation (MHUPA)

The JNNURM functions under the overall guidance and supervision of a National Steering Group (NSG) which is chaired by the Minister of Urban Development and co-chaired by the Minister of State for Urban Employment and Poverty Alleviation respectively, the NSG sets up policies for implementation, monitor and review progress, and suggests correctives measures where necessary. The NSG is supported by a Technical Advisory Group (TAG) whose task is to appraise proposals, and a Central Sanctioning and Monitoring Committee (CSMC) which is responsible for further appraising and sanctioning proposals. At the state level, the JNNURM is co-ordinated by the State Level Steering Committees and is headed by the Chief Minister, the State Level Steering Committees review s and prioritizes proposals for inclusion in the JNNURM. The State Level Committee is supported by Sate Level Nodal Agency (SLNA) which invite project proposals, appraise them, and manage and monitor the JNNURM.

Every city is expected to formulate a City Development Plan (CDP) indicating policies, programmes and strategies, and financing plans. The CDP would include identification of projects leading to the formulation of Detailed Project Reports (DPRs). In case of Transportation Projects, the cities also need to prepare a Comprehensive Mobility Plan that addresses long term mobility needs to the city. The Urban Local Bodies (ULBs) / Parastatal agencies have to prepare DPRs for undertaking projects in the identified spheres.

Key Aspects in the Evaluation Process

Urban transport projects are part of the city's comprehensive mobility plan.

Cost-Benefit Analysis¹

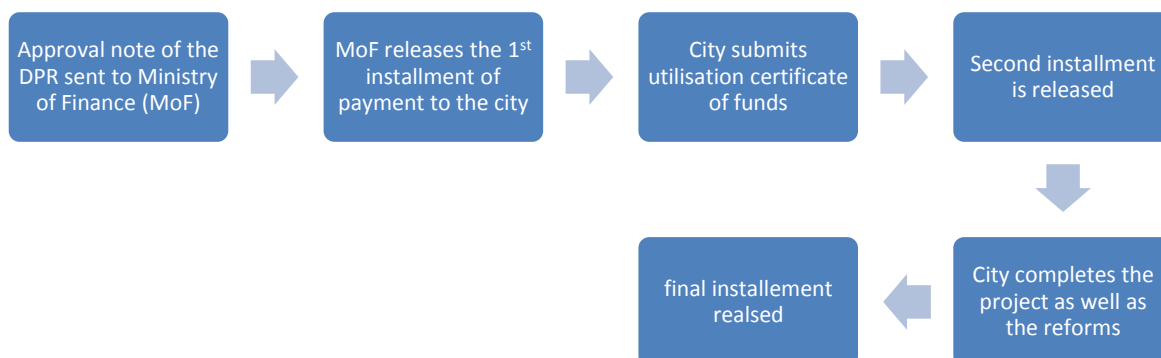
Discount rate (%)	Opportunity cost of capital
Typical analysis period (years)	At least 20 years
Residual value included (Yes/No)	N/A
Initial year in analysis	N/A
Threshold for viability	IRR above discount rate (for PPP-at least 2% above discount rate)
Non-monetized costs and benefits (please briefly describe parameters evaluated)	
Economic (Indirect economic benefits, like economies of scale, travel reductions, employment shifts, etc.)	Travel time and travel cost reductions as well as Reduction in operating costs of producers
Environmental (Impacts to the natural and built environment)	Positive impact on air quality and reduction in CO2 emissions
Service Quality (Overall improvement in the quality of the trip)	improvement in travel quality
Strategic (Alignment with national objectives)	Inclusion of implementation plan with time frame for government reforms
Distributional (Impacts on social groups)	Status of required approvals
Other (Health, road safety, etc.)	Cost benefit factors that cannot be monetized

Funding Shares

Maximum national funding share	35 – 90%
Minimum private participation required	No
Minimum local governments participation required	No

¹ EMBARQ. Evaluate, Enable, Engage. Principles to Support Effective Decision Making in Mass Transit Investment Programs

Funds Flow Diagram



Evaluation and Participation

Are technical evaluators and funding decision makers separated?	Yes
Who is in charge of technical evaluation? (a government agency, a private consultant, an NGO, etc.)	Institute of Urban Transport (IUT) and Central Public Works Department (CPWD)
Are other public agencies involved in the evaluation and decision-making process?	No
How local governments are involved in the decision-making-process?	They submit the proposal and present their case before the committee
Is community is involved in the decision-making process?	No

Strengths	Simple and flexible approach
Weaknesses	Lack of technical capacity of the institutions

4. FUNDING FOR OPERATION

Currently there is no funding for operation and maintenance