



**JnNURM**

**Impact on the urban landscape**

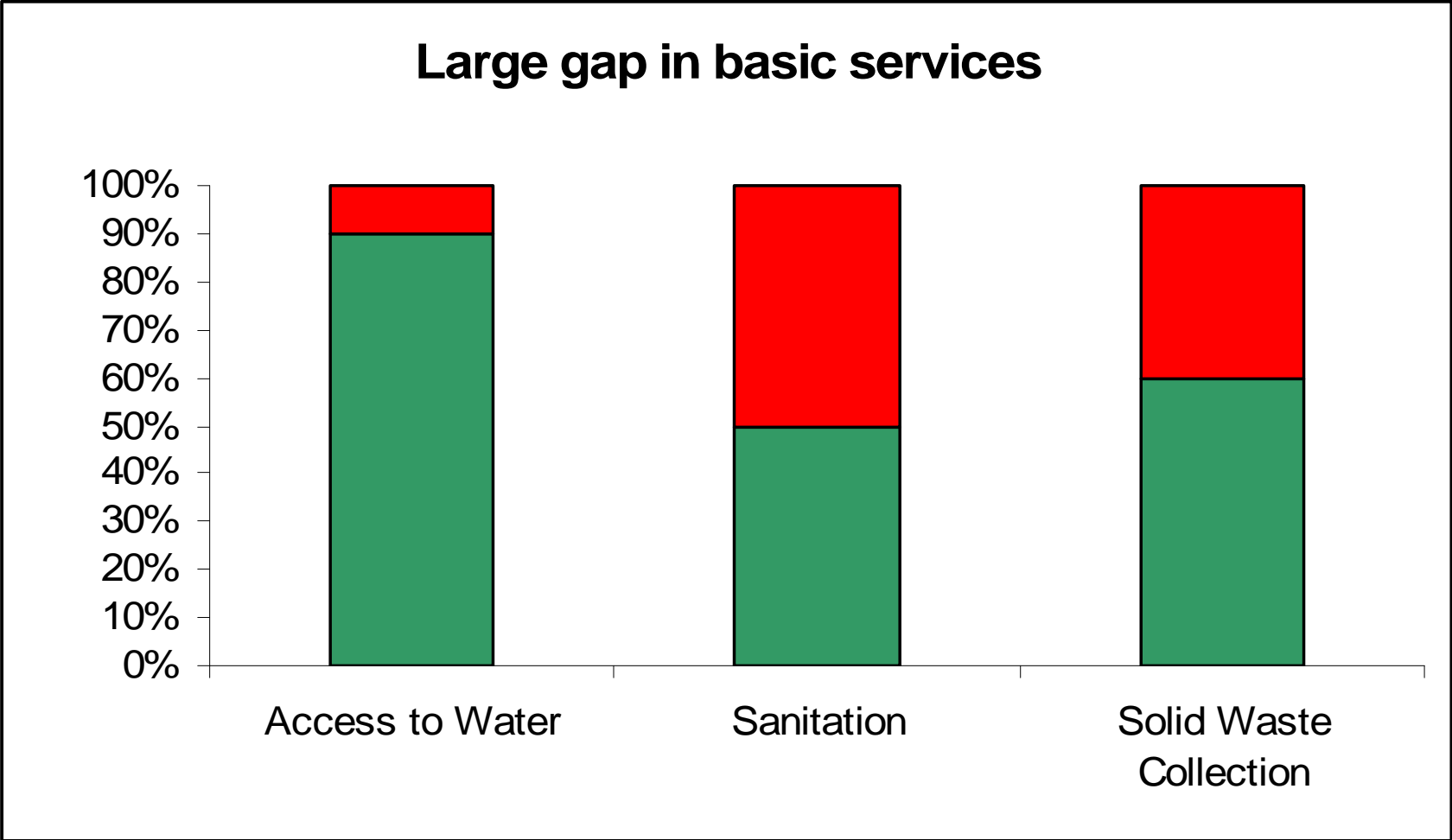
December 1, 2008

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- **The urban landscape before JnNURM**
  - **Impact of JnNURM**
    - Quantitative
    - Qualitative
  - **Constraints and .... opportunities**

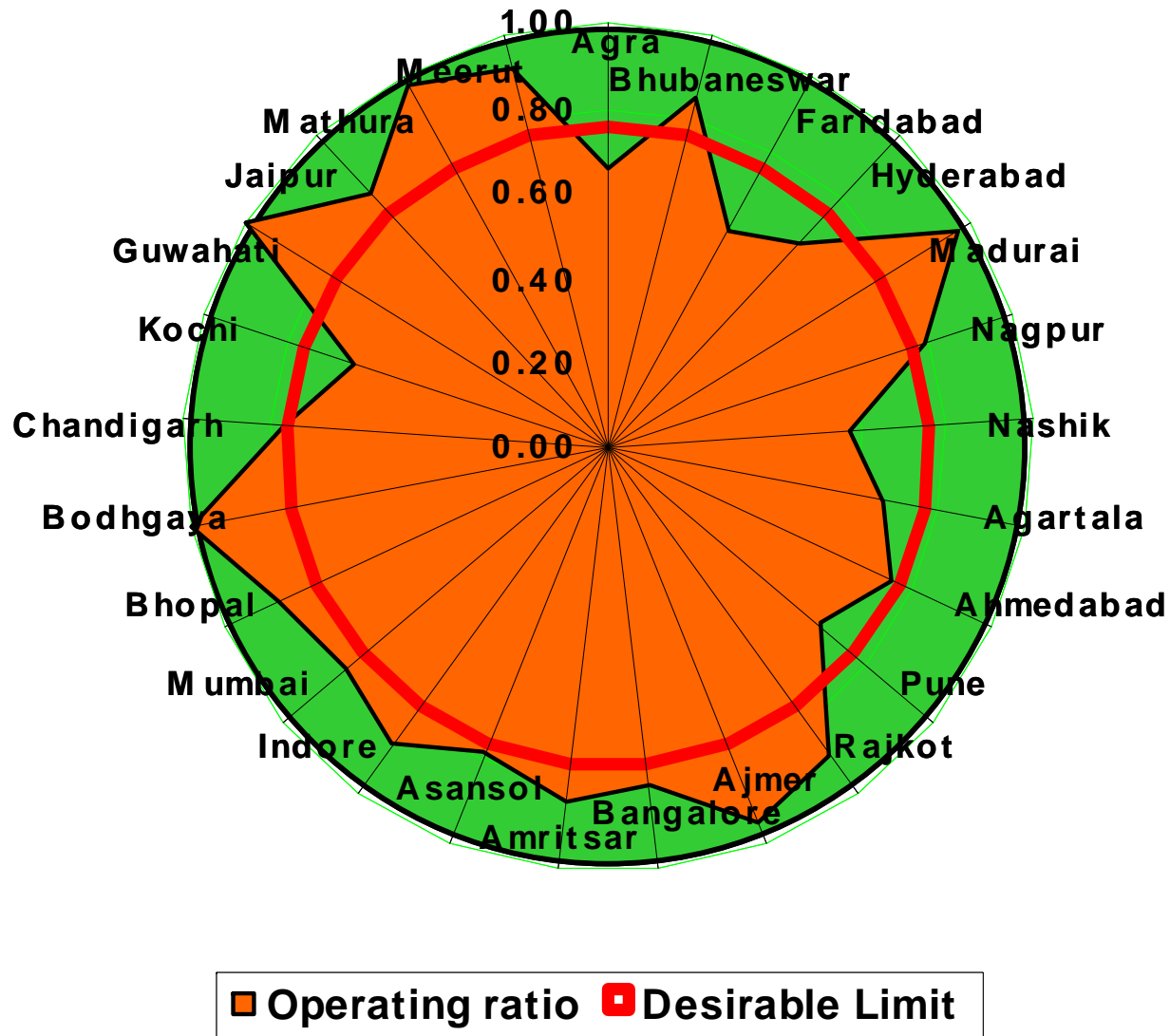


**Prior to JnNURM**

# Service levels were poor



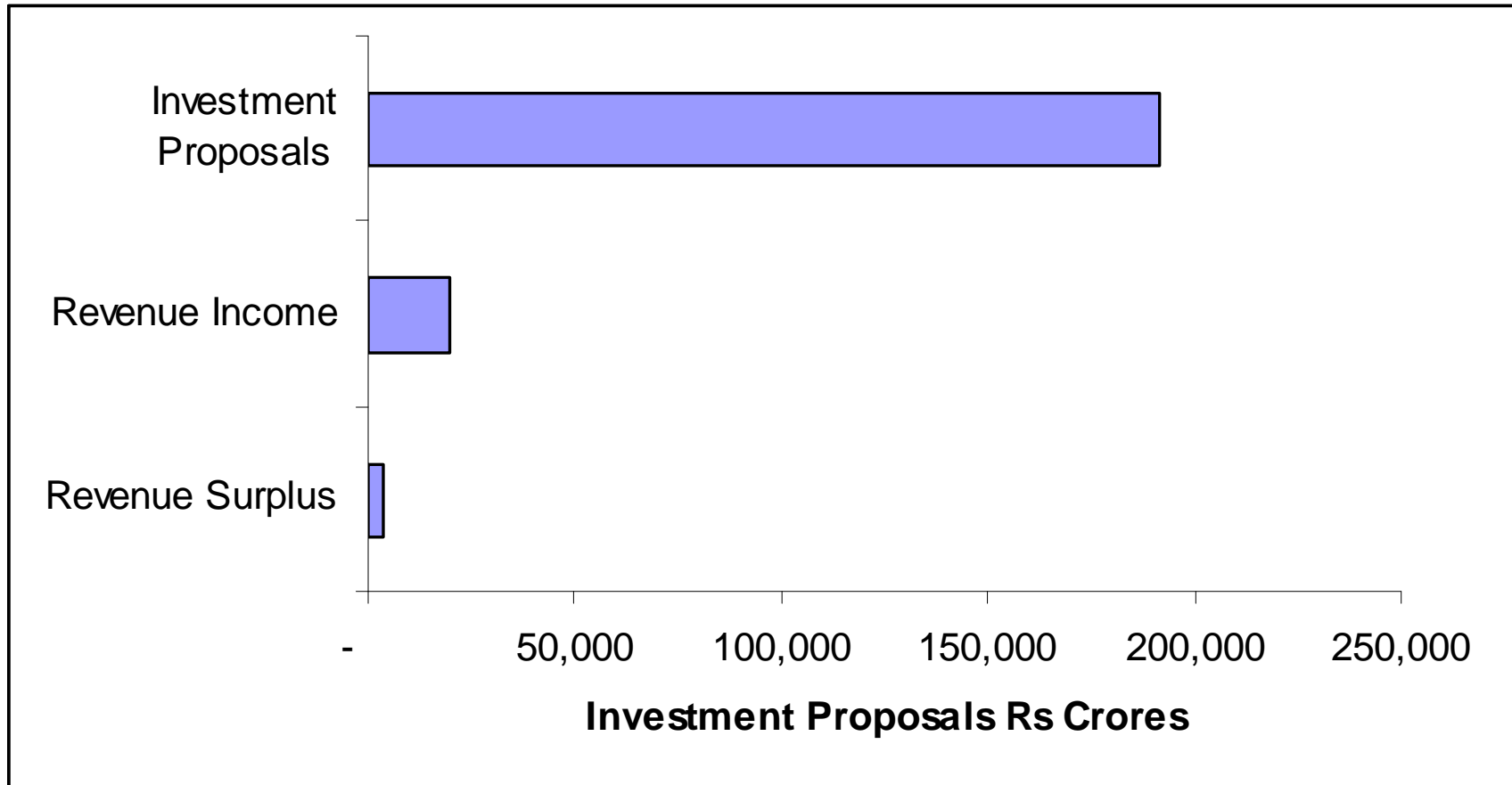
# Revenue surplus didn't exist to fund investments



5. Source: CRISIL Infrastructure Advisory analysis of CDPs

## Large unfunded investment needs

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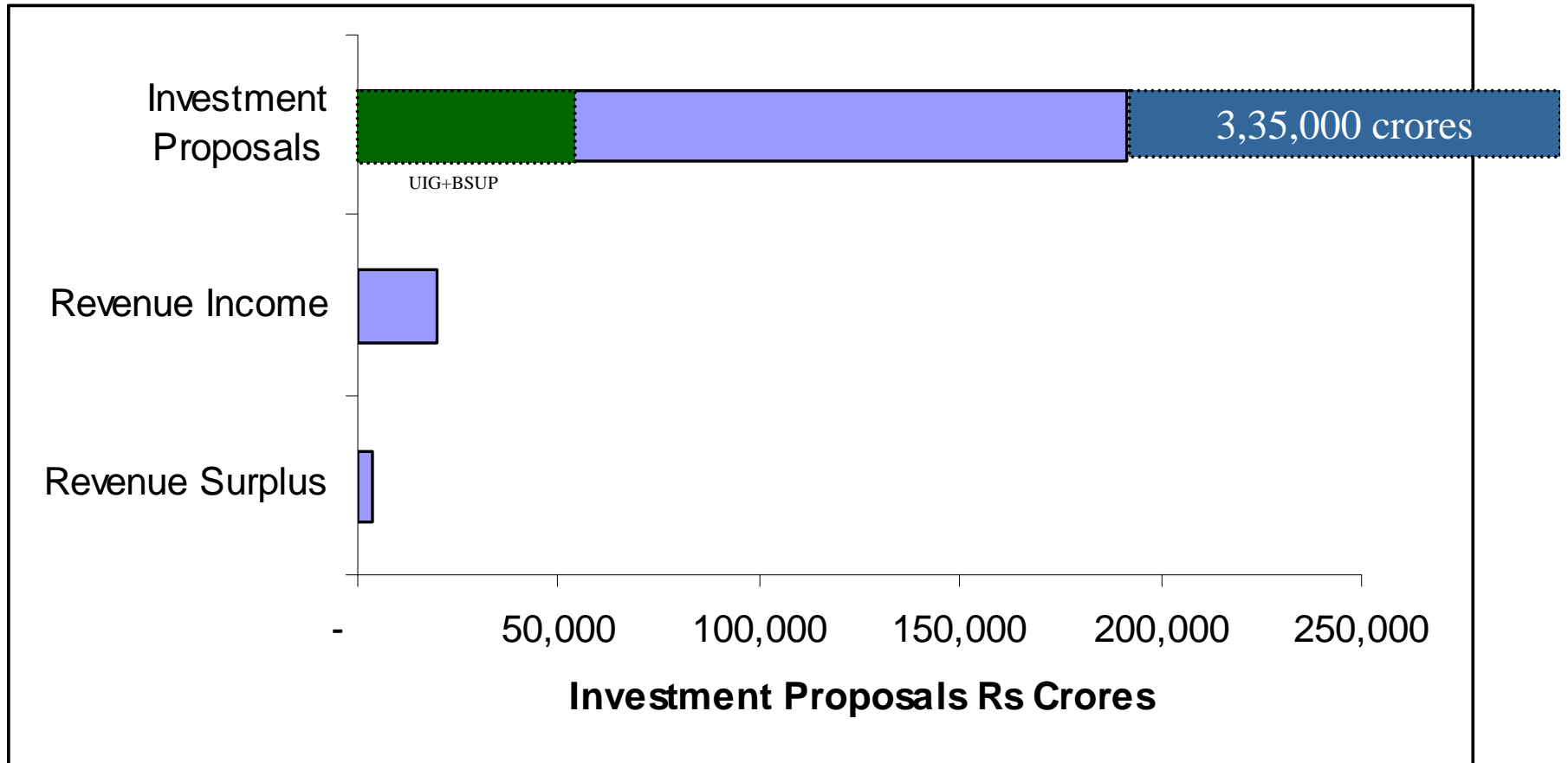


Source: Investment needs of 45 cities compiled from city documents



## **The investment landscape now**

## Good portion of the need has been funded, needs have also expanded

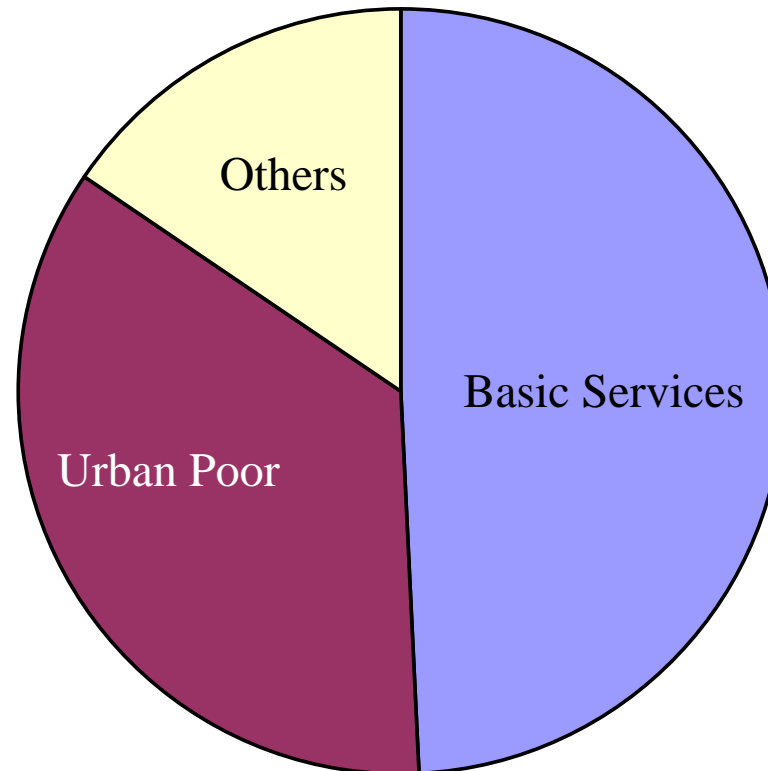


Source: MoUD Analysis of CDPs

## Basic services are well prioritized

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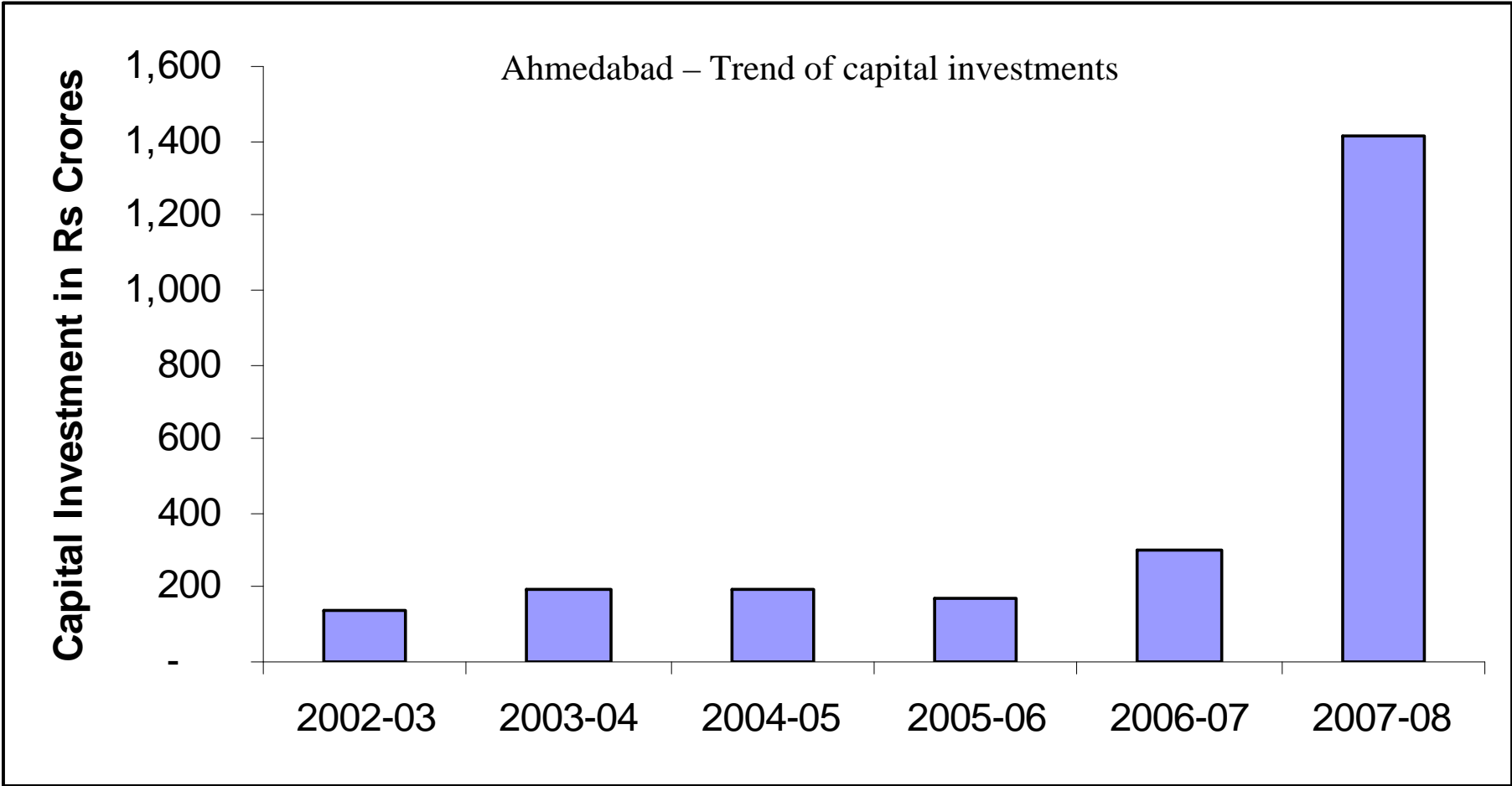
Share of various services in the approved investments under UIG and BSUP



Basic services and BSUP account for 85% of approved projects

9. Basic Services include Water Supply, Drainage, Sewerage and Solid Waste

# Cities have been able to scale up investments



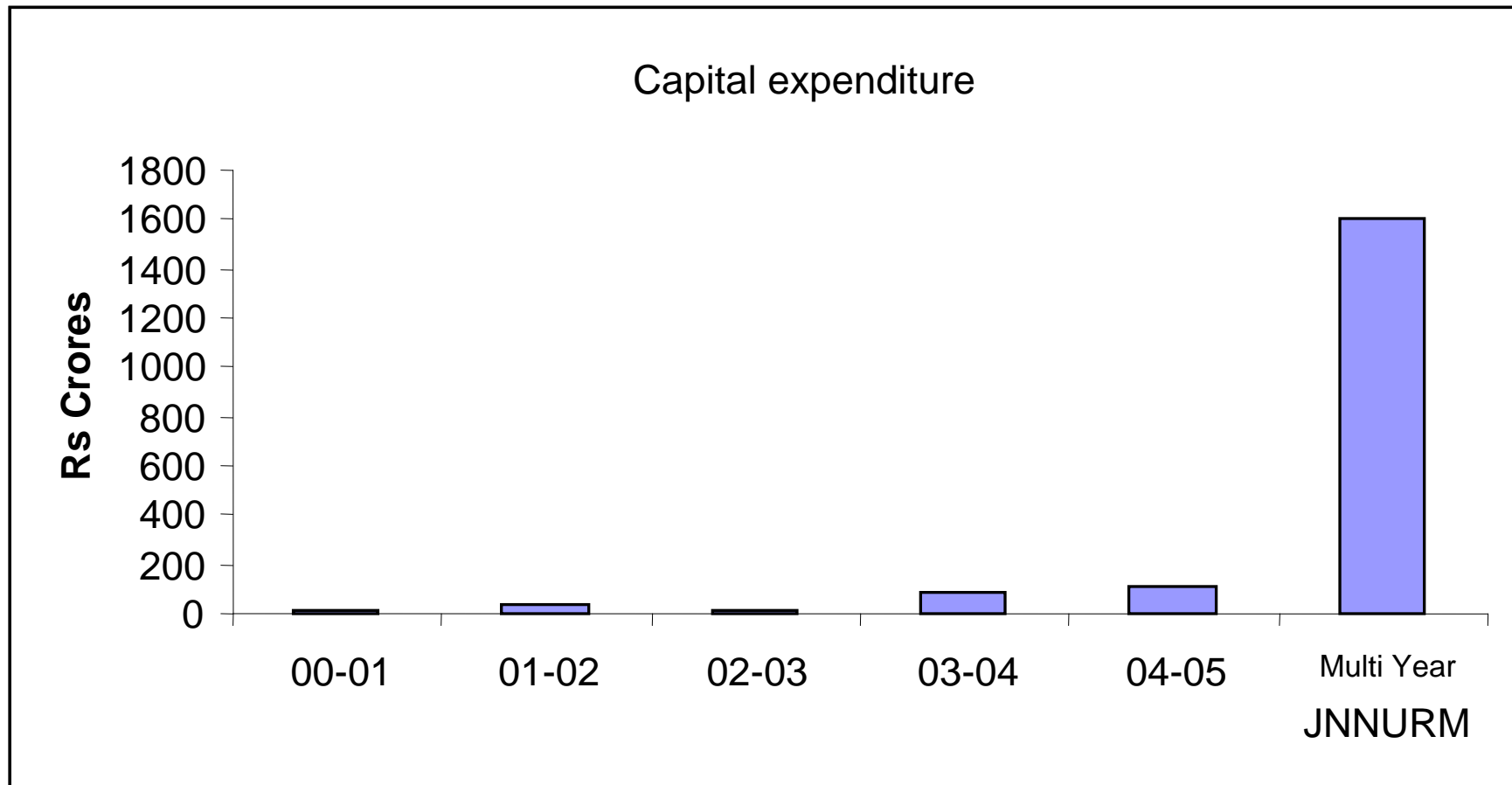
10. Source: AMC presentation on Commercial borrowing – USAID, Indonesia



## Many cities have been able to develop multi-year investment plans

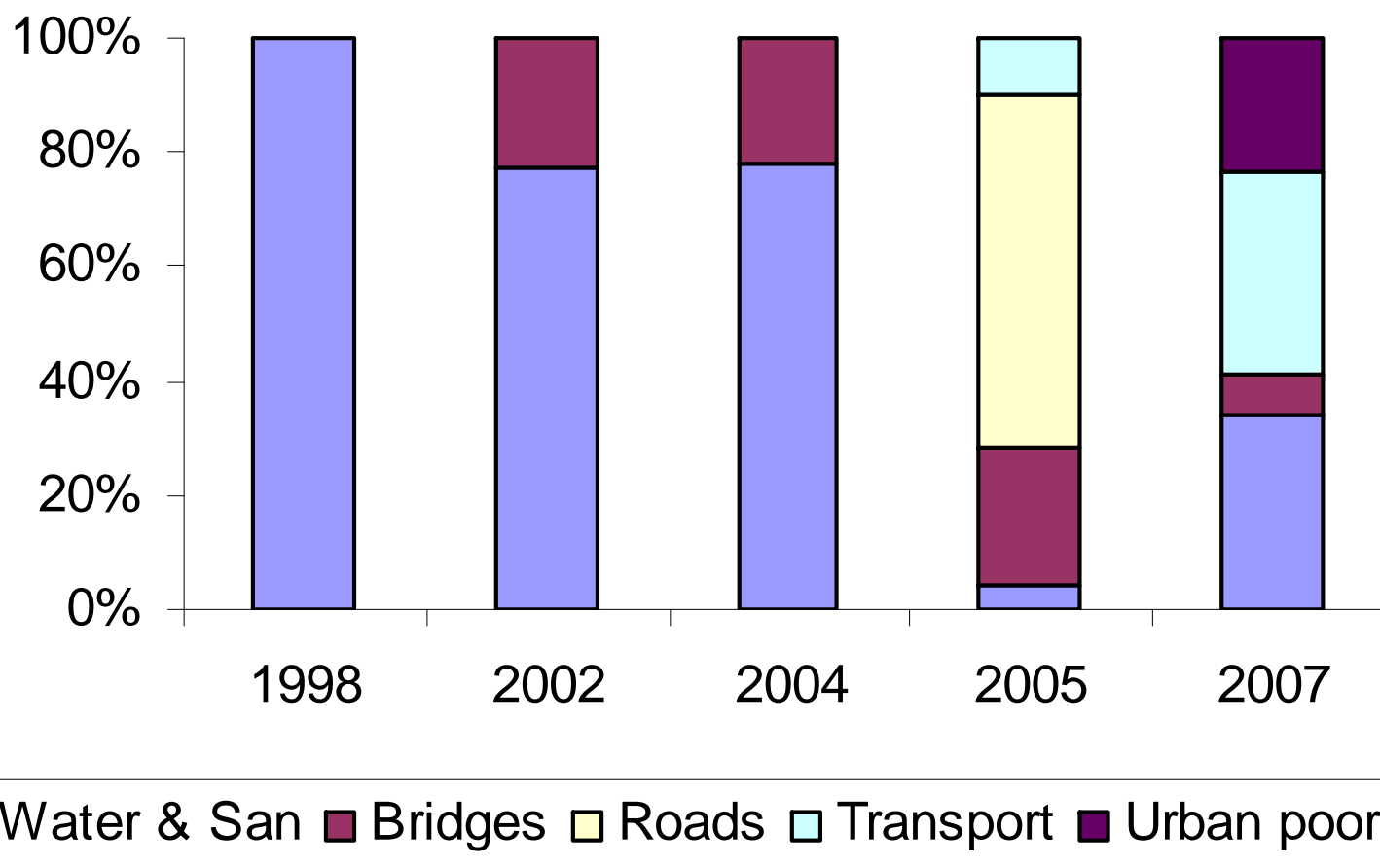
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### Vishakapatnam



## It took a long time for cities to develop a multi sector investment plan

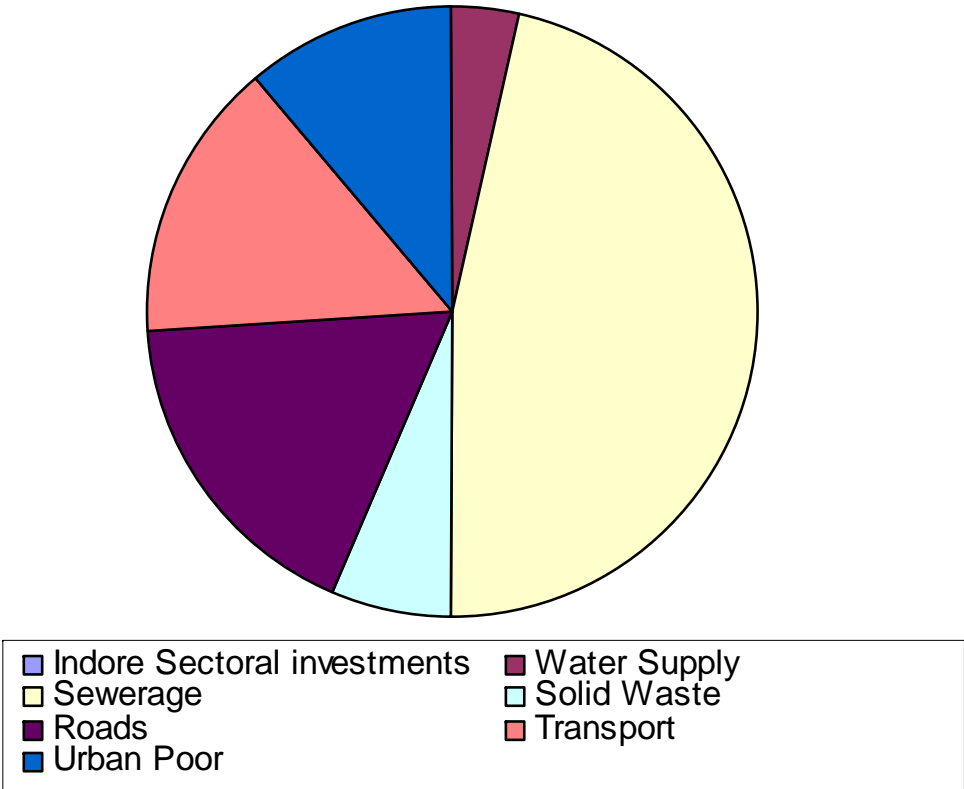
Sectoral share of capital investments for Ahmedabad



The first investments of Ahmedabad were in basic services  
It took AMC ten years to reach a multi sector investment plan

# Indore was able to jump start this process

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Its investment plan approved under JnNURM is multi-sector

## The investment landscape now

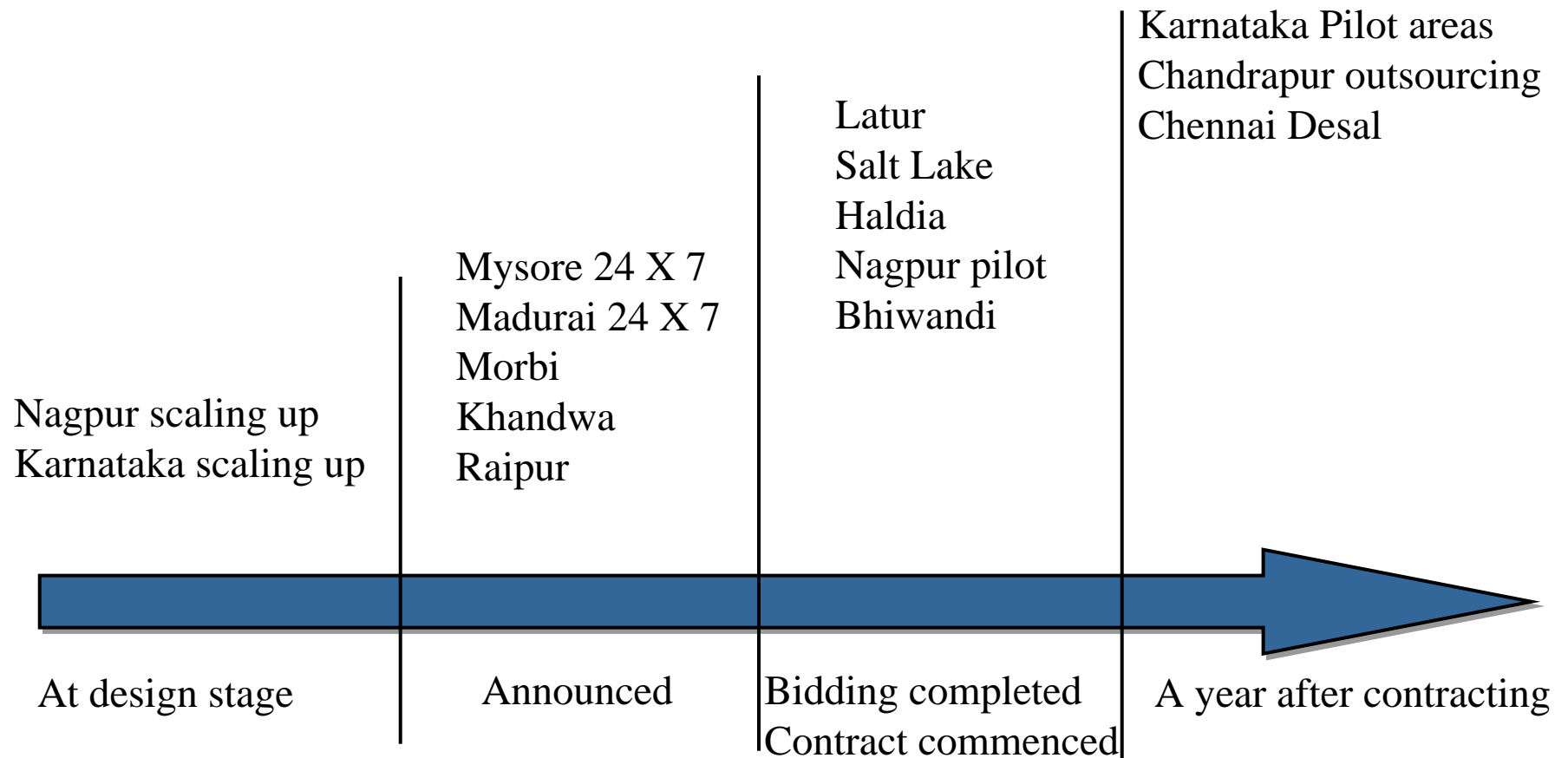
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- **The ULBs are implementing projects worth twice their annual revenue**
- **Their investments are multi-year and are on a different scale**
- **Their plans are also multi-sector**



**How else is the investment landscape changing**

# PPP momentum in water sector is at tipping point



# Urban Transport PPPs

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Bus stops, small terminals

Small scale PPPs abundant.  
Should become mandatory across projects.  
Only a small solution in the larger context.

Fleet

Live example in Indore. Many in bidding stage.  
Next steps are in a) Scaling up in frequency and b) unviable routes  
A viability gap based model is workable

Road infrastructure

Kolhapur an example of city level scale. Waiting for results.  
Pimpri - work in progress for a city level financing solution.

MRTS/ LRTS

Hyderabad metro through a fee + real estate solution  
A city level financing solution is a must  
based on city level revenues  
based on land use revenues

# Water and Urban Transport have adopted new vocabulary

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- **Water Supply**

- Cost recovery has much better acceptance
- So does 24 X 7
- Increased focus on service delivery
- SPVs for commercial borrowing

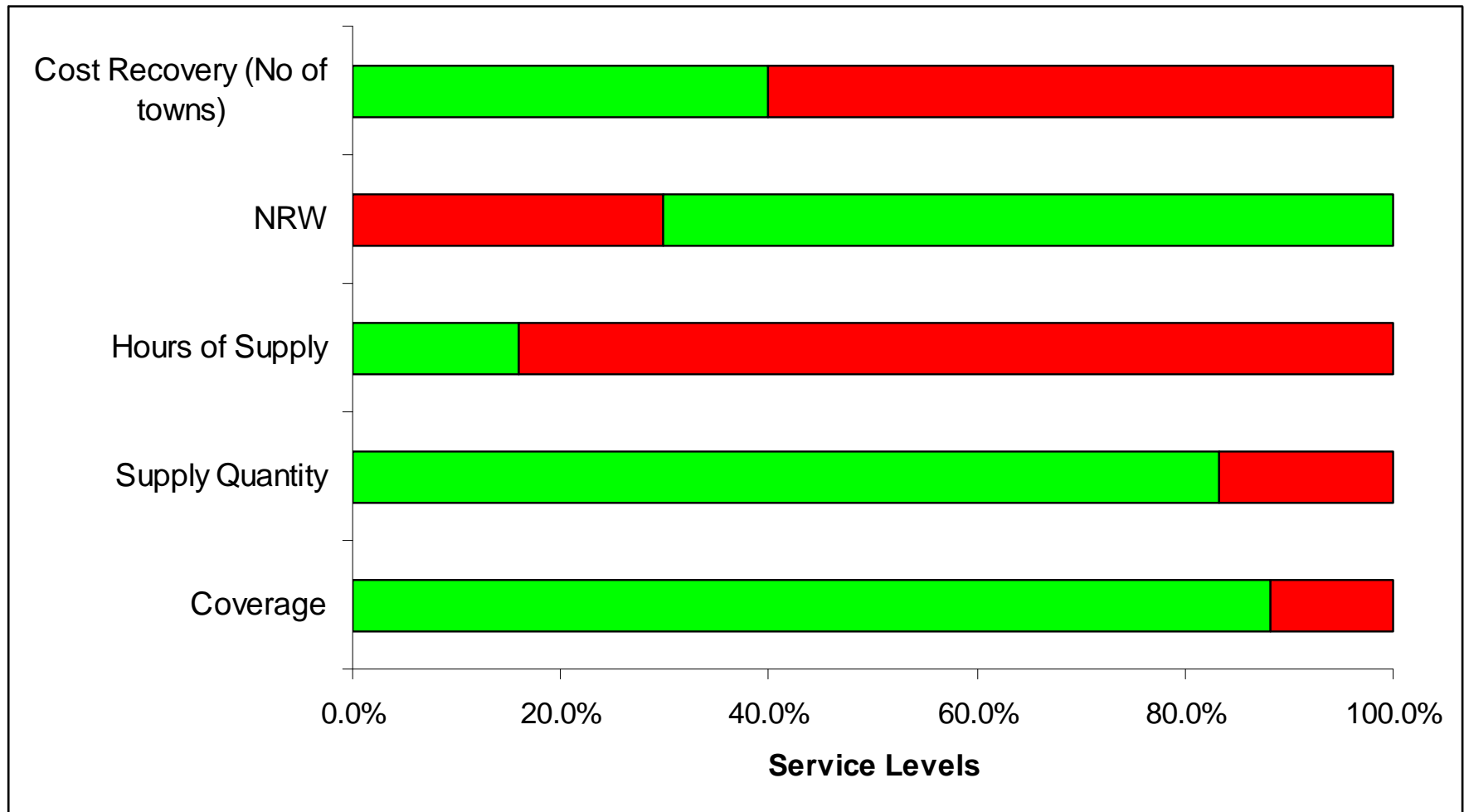
- **Urban Transport**

- Shift from high cost metro plans to bus based systems
- JnNURM has provided implementation leverage to UT policy
- Urban Transport Authority
- Urban Transport Fund
- SPVs for commercial borrowing

**Medium scale, private sector oriented  
opportunities emerge**

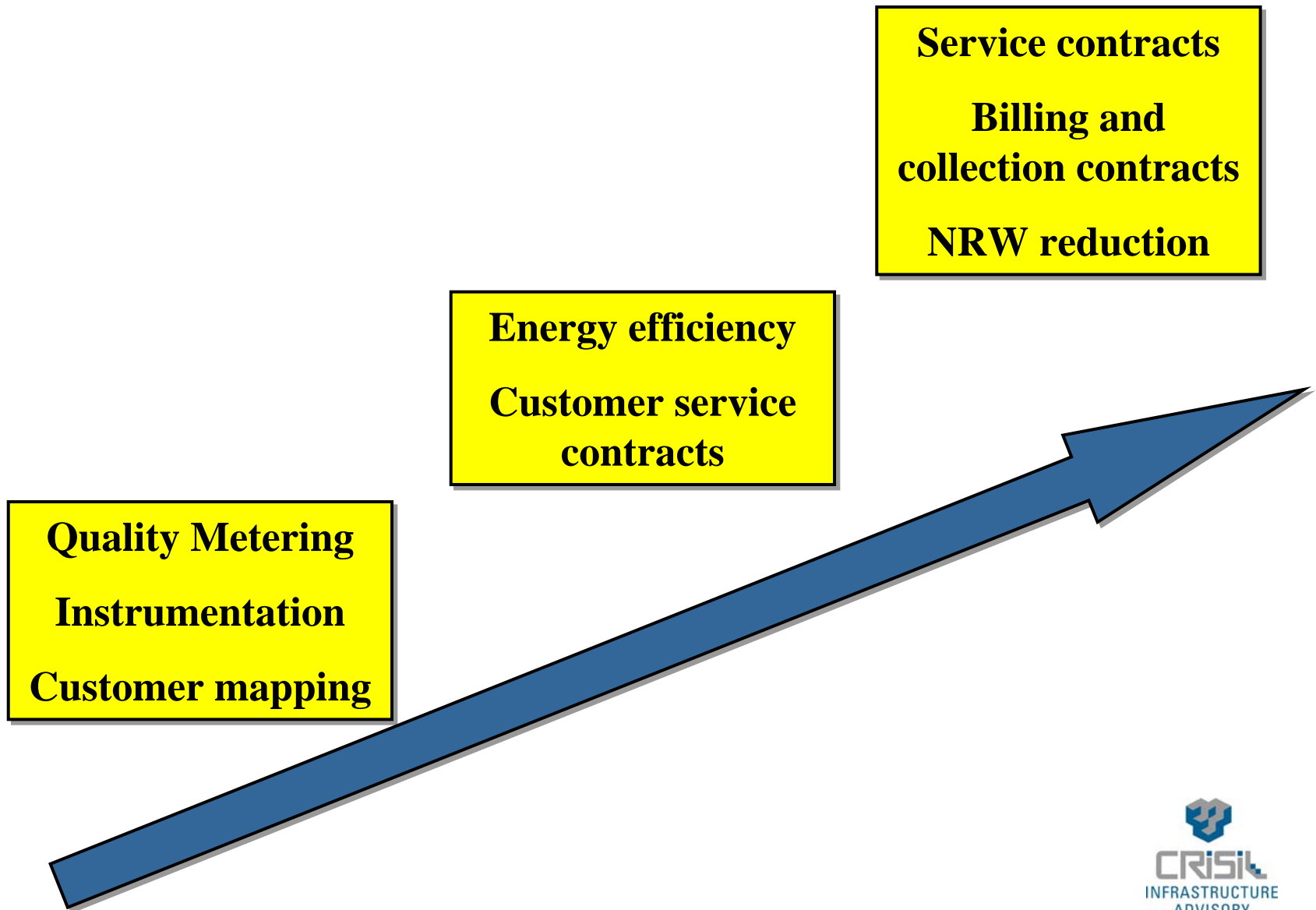
# Focus will be on efficiency improvement

Water - Current service levels are poor in the distribution side

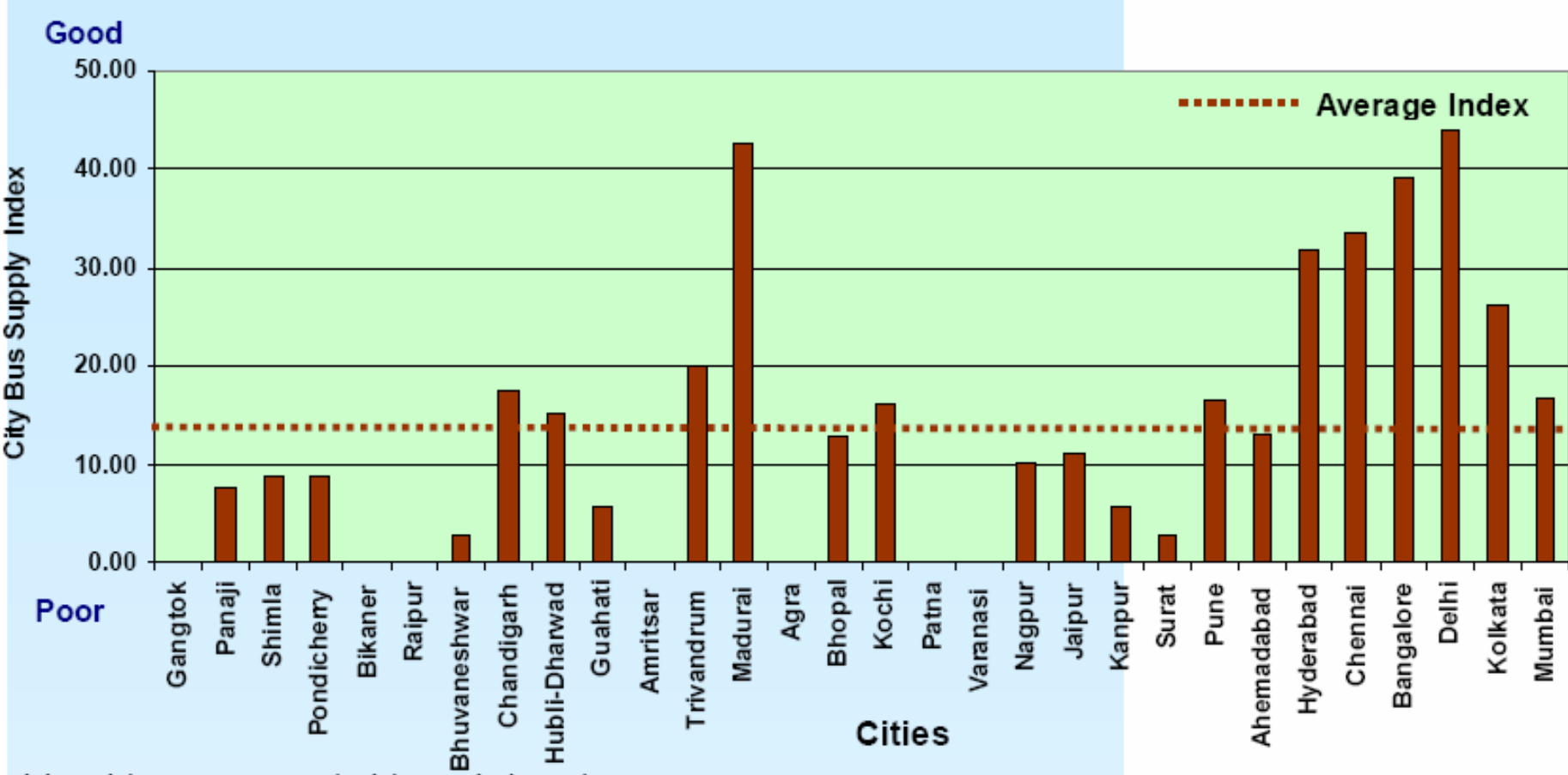


# New opportunities – Water Supply

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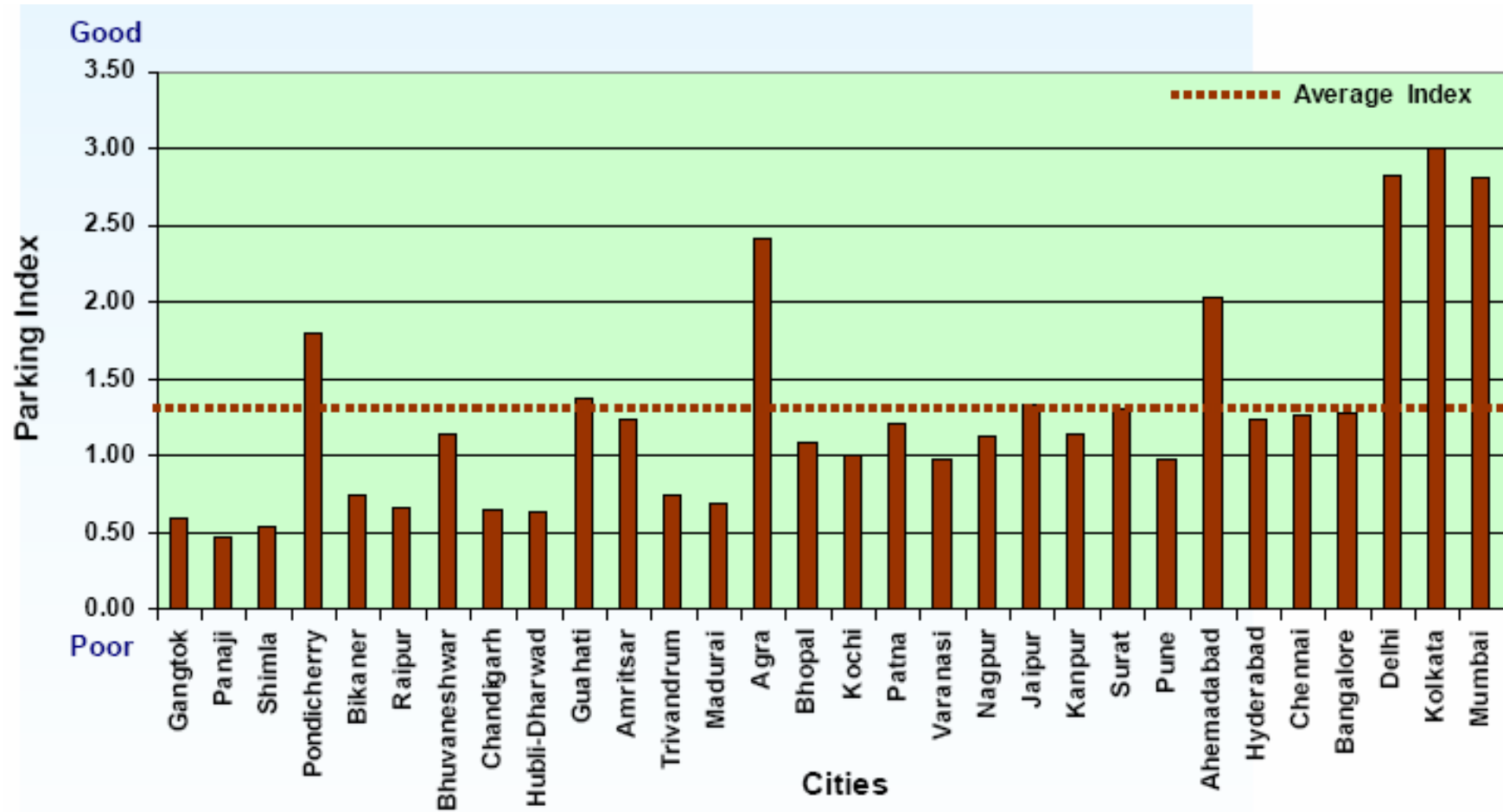


# Urban Transport – City bus will be a high growth area



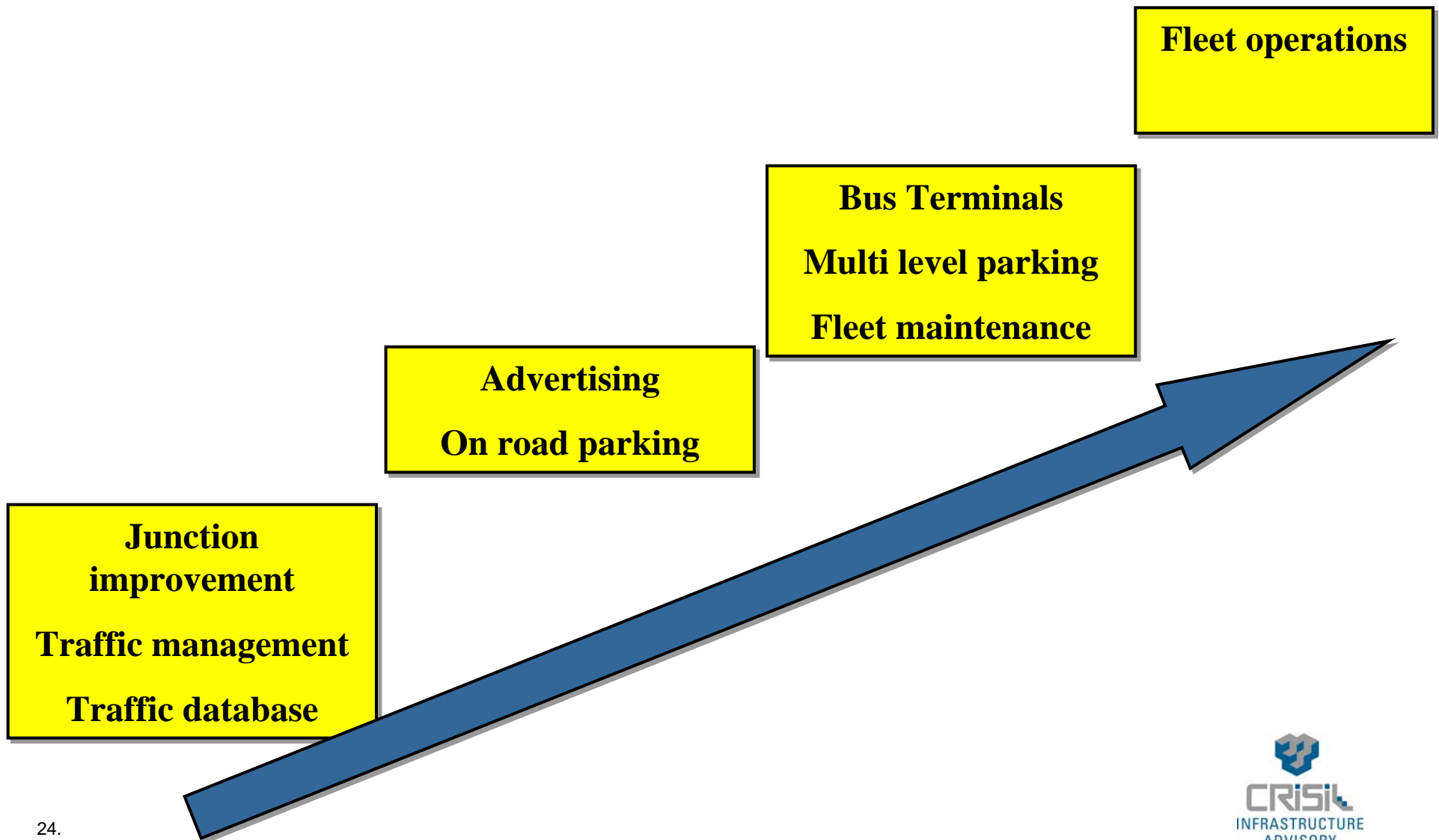
22. Source: WSA study for MoUD

# So will be parking



# New opportunities – Urban Transport

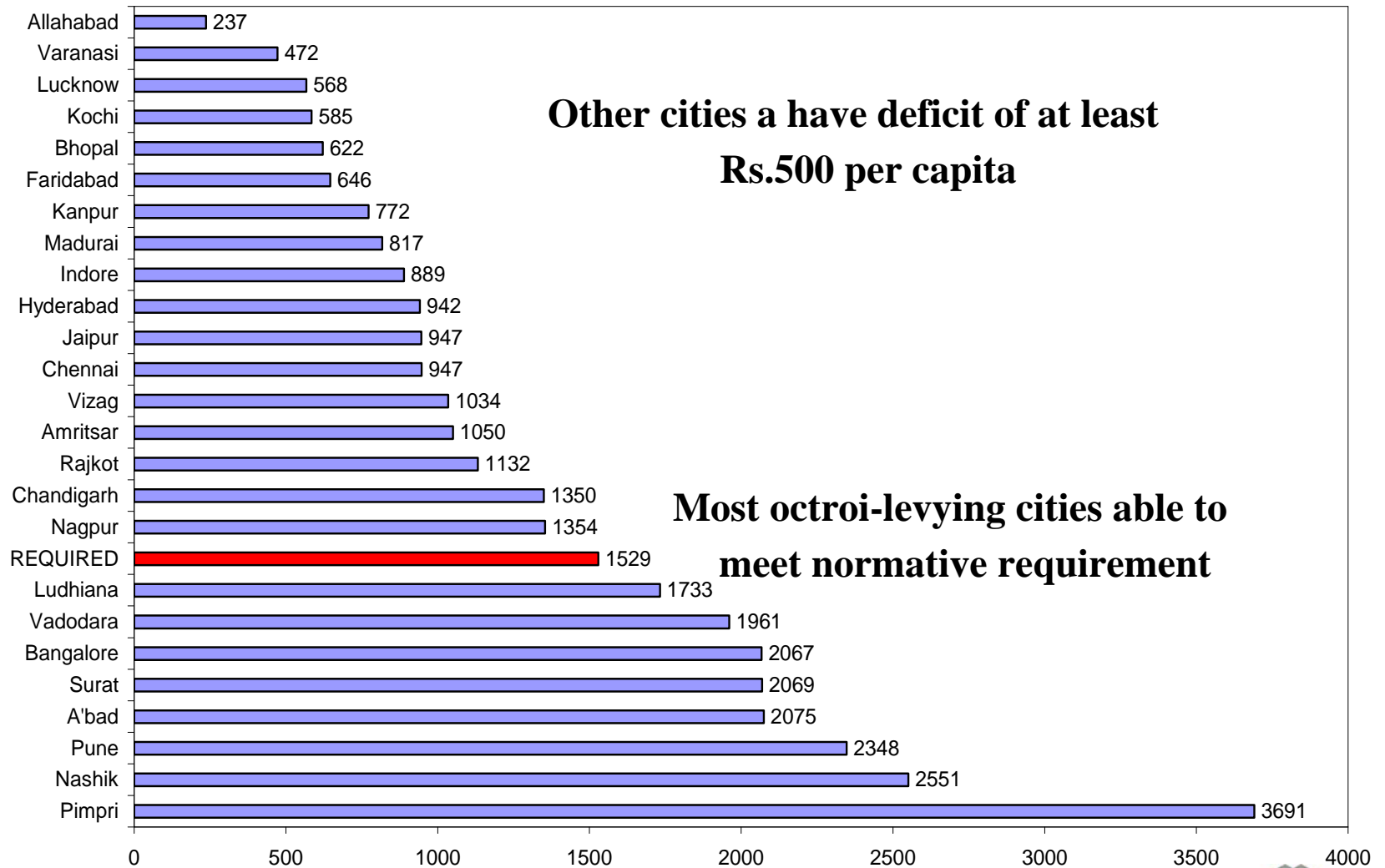
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## **What can slow down the change**

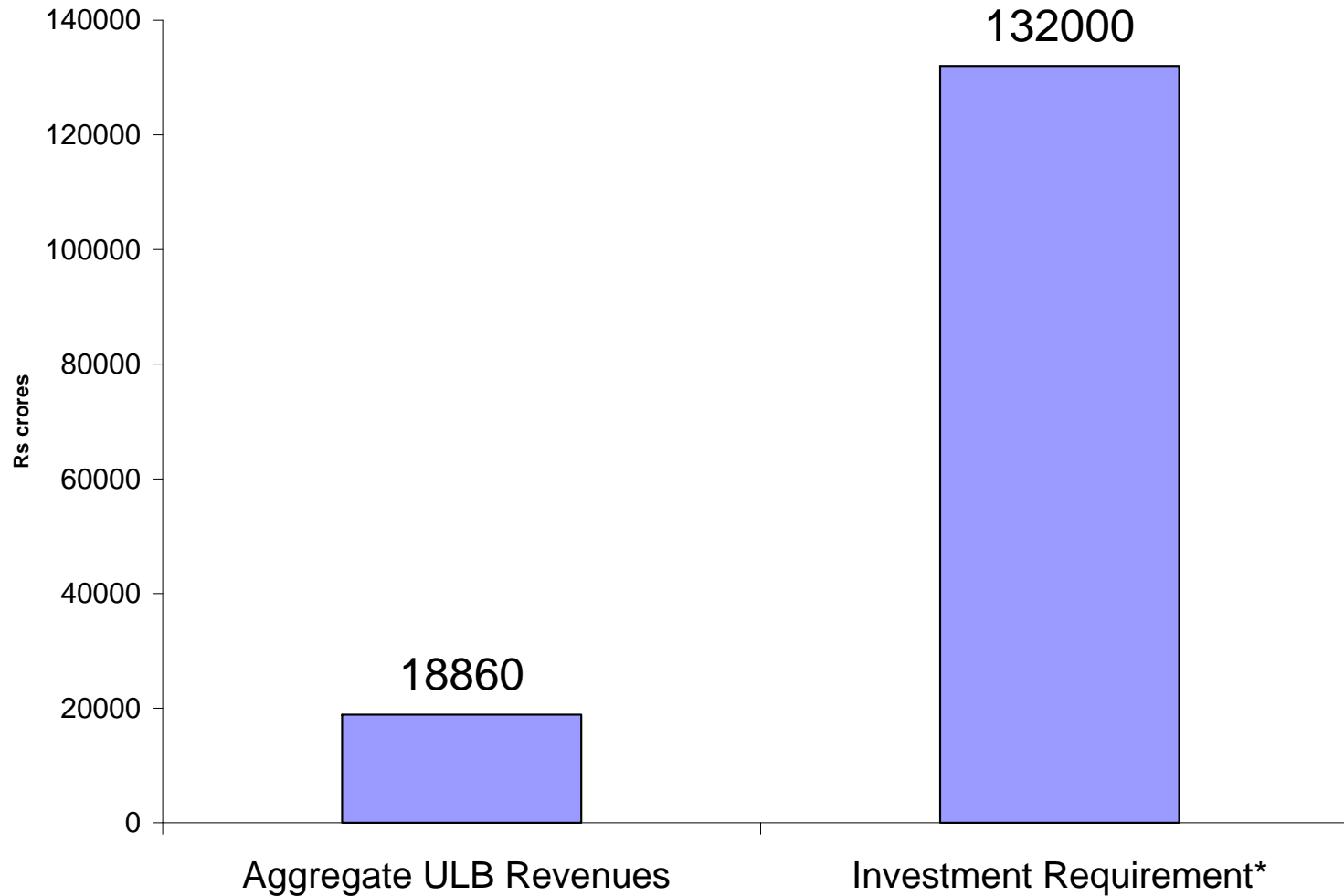
# Many cities do not have revenues to cover normative maintenance

Per capita revenue, Rs



26. Note: Gujarat has since then repealed Octroi

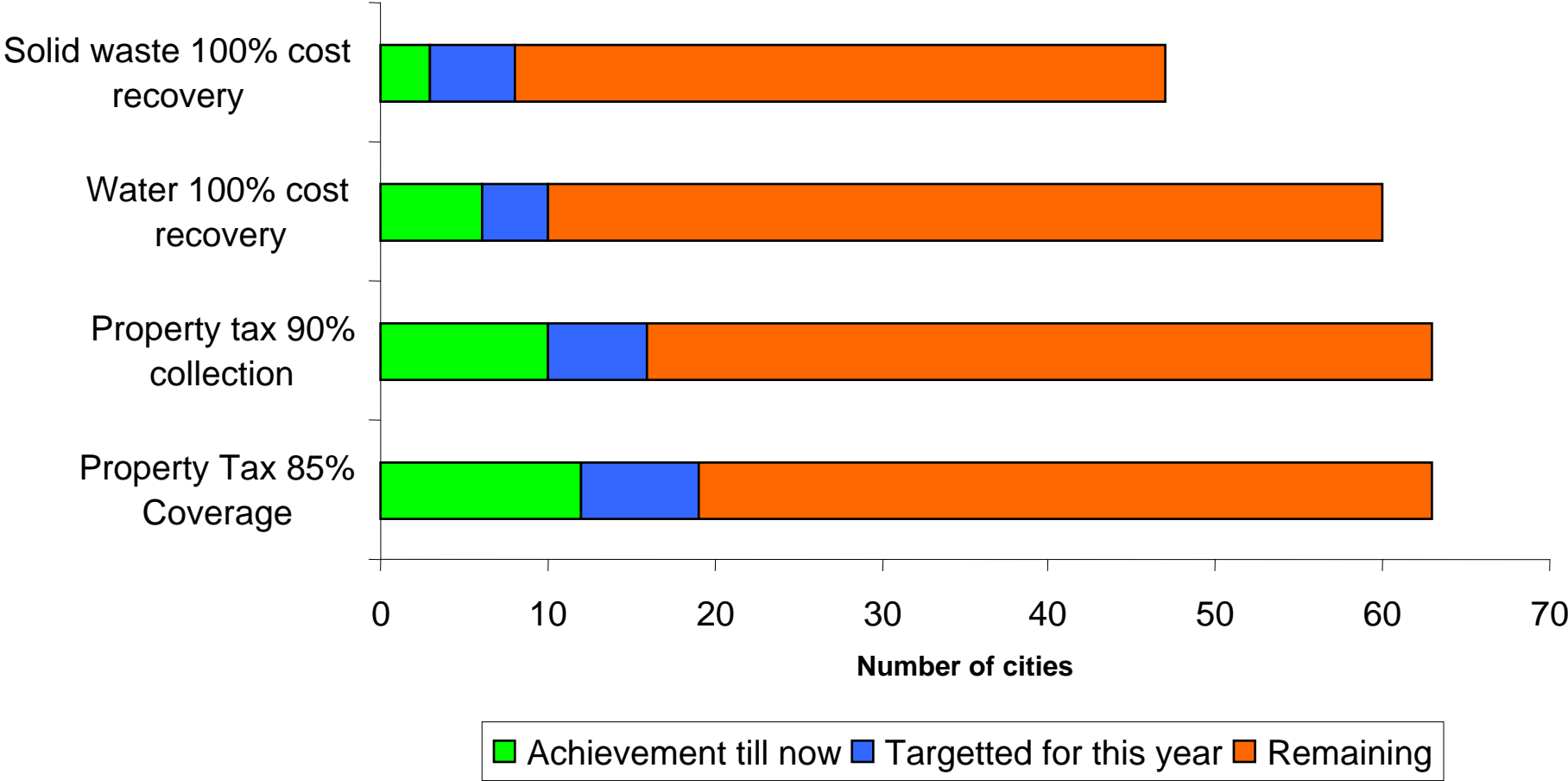
# Urban Transport is the next big investment need with big gaps



# - Aggregate revenues estimated for 63 JNNURM Cities (41% of total urban population)

\* Investment requirement as per Eleventh Five Year Plan

# Revenue reforms can change this, but implementation is slow



# Summary

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- **JnNURM has changed the investment landscape**
  - Quantitatively as well as qualitatively
- **Several innovations underway**
- **PPP and service focus will open up many opportunities**
  - Large scale PPPs
  - Medium scale PPPs focussed on efficiency
- **Revenue reforms are necessary to sustain this, but are moving slowly**



**Thank You**

[sramanujam@crisil.com](mailto:sramanujam@crisil.com)  
+91 99202 28448



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