



Urban Infra **NEEDED: A REFORMED JNNURM**

Anil Sethi, Chairman, SPML Infra

Implementation of reforms still lacks pace under the scheme. Inflation and reduction in industrial output have decelerated infrastructure reforms. Only about 70 per cent of projects have been allotted against the target. Delays in land acquisition and environment clearances, inflexible concession agreements

(eg, recent revision of tariff prices in power contracts), and scarce funding resources for private operators continue, leading to time and cost overruns.

Constrained order inflow and rising costs to complete were definitely a variable for the industry this past year. While order inflow was controllable (since orders can be taken at "any" cost) the rising costs were relatively due to market forces and lack of government regulatory intervention (on subjects such as land acquisition, for example).

The trigger? In urban infrastructure, JNNURM has contributed largely for reform in the country. Some

liberal states such as Maharashtra, Gujarat, Andhra Pradesh and Tamil Nadu have benefited immensely since the programme commenced in 2005. Funds have been exhausted, indicating that steady progress has occurred with capital deployment and state and local governments are provided with opportunity to execute large scale projects, which are in increased capacity. That said, although JNNURM has been effective as a trigger, there have been relatively few successful projects that can be used as showcases for the scheme, and hence regulatory reform of loopholes will need to be executed.

New funds: In the near future, we expect a slightly better economic outlook with larger project allocation in water and waste management verticals and lower project capital costs that should lead to value creation for both the people and the developers. From a reforms perspective, however, the present funding allocation under JNNURM is met and future project allotment will be lower, if new funds are not provided by the central government. A reformed JNNURM is the need of the hour and can be expected to bolster urban infrastructure development.



Urban Infra **JNNURM SHOULD SHOWCASE MODEL ULBS**

M Goutham Reddy, Executive Director, Ramky Group

In Waste Management we have seen some large projects like MCD (Delhi), GHMC (Hyderabad) and COC (Chennai) have taken positive steps towards privatisation of Municipal Waste Management and looking to improve the quality of waste management. A reasonable amount of planning towards

their costing and budgeting has started.

New technology not forthcoming: However, what didn't go well is that till date, we haven't yet seen any significant success in Waste-to-Energy which is what will determine the future of waste management in India. Further, no positive direction from the government has been seen in support for compost, the organic manure essential to compete with fertilizer.

In waste management quality improvements have been controllable and privatisation has also been good and controllable, however, technology improvement has not seen any progress and has remained uncontrollable.

In urban water, it is sad to see that no positive direction towards privatisation is taking place and no nodal agency is appointed to support these initiatives. While many projects are happening on EPC, the solutions are old and not in the right direction. The water segment should be completely offered on PPP, where its strengths are proven.

Programme, not project, needed: JNNURM's budgets are insignificantly small and cannot be adequate for reforms that are required in the sector. JNNURM should encourage an organisation like NHAI and run a programme similar to the National Highways Development Programme (NHDP) to revamp the overall situation. While I don't expect a reformed JNNURM, I look forward to it as that would be the only way right solution can come.

Focus on waste management, sewerage and water—should be JNNURM's main focus, along with providing a proper direction to ULBs. Demonstration can be a great method to do this, by building examples in a couple of municipalities. These examples will both inspire and showcase.