

Atal Mission for Rejuvenation & Urban Transformation 2.0

AMRUT 2.0 REFORMS TOOLKIT



City water
security



Ease of living
of citizens



Financial health
of ULBs



Ministry of Housing and Urban Affairs
Government of India

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1. Introduction:

Hon'ble Prime Minister launched Atal Mission for Rejuvenation and Urban Transformation on 1 October, 2021 with aim of making all statutory towns in the country 'water secure' and providing functional water tap connections to all households. This is proposed to be achieved through circular economy of water by effecting water source conservation, rejuvenation of water bodies and wells, recycle/ reuse of treated used water, and rainwater harvesting by involving community at large.

AMRUT 2.0 has a reform agenda, oriented towards achieving water security in ULBs and improving delivery of municipal services to the citizens. In order to encourage the ULBs to implement the reforms, AMRUT 2.0 incentivizes successful implementation of a set of reforms. For better delivery of citizen centric services, financial health of the ULBs needs to be improved. Property tax is one of the major sources of the revenue of ULBs. Improving coverage and efficiency of collection of property tax therefore is a mandatory reform. A substantial chunk of municipal finances is routed towards efficient delivery of water and sewerage services. These expenses ideally need to be met through collection of user charges. Therefore, streamlining user charges is also a mandatory reform. These two mandatory reforms are to implemented within two years of launch of Mission.

In addition to the above, there are seven reforms which will be eligible for incentive on successful implementation.

2. Mandatory Reforms:

Mandatory reforms on property tax and user charges are to be implemented and submitted by 30th September 2023. These reforms have been described as under:

2.1 Mandatory Reform 1: Reform on Property Tax

Fifteenth Finance commission in its report has duly identified the need to increase property tax collection in order to improve financial health of the ULBs. Along with ensuring that an exhaustive list of properties comes under the ambit of taxation, tax collected has to be based on prevailing guidance value/ circle rate. Milestones and eligibility criteria for property tax reform are as under:

Table 1. Mandatory Reform on Property Tax

Milestone	Supporting Document	Eligibility Criteria
Notification of property tax floor rate which will be a function of Guidance value/ circle rate Desirable condition: Increase in property tax collection periodically	1) Copy of notification by State on property tax. 2) A year wise report on property tax comprising following for 2018-19, 2019-20 and 2020-21: i. Number of properties mapped ii. Number of properties against which property tax bill raised iii. Amount of property tax raised iv. Property tax collected	Issuance of notification on property tax floor rate by the State

2.2 Mandatory Reform 2: Reform on User Charges

Efficient delivery of water services entails Operation and Maintenance (O&M) of Water Treatment Plants (WTPs), Sewage Treatment Plants (STPs), water transmission/ distribution networks etc. For sustainability of water infrastructure, the expenditure on O&M of these assets & machinery needs to be met through User Charges. ULBs need to collect the user charges and also increase its collection periodically matching with O&M charges through citizen friendly system. This reform targets issuance of notification by State to achieve the above and is to be implemented in all AMRUT cities.

Milestones and eligibility criteria for user charge reform are as under:

Table 2. Mandatory Reform on User Charges

Milestone	Supporting Document	Eligibility Criteria
<p>Notification by the state on user charges of water supply and sewerage. User charge should reflect expenditure on operation and maintenance of water & sewerage services atleast partly.</p> <p>Desirable condition: Increase in collection of user charge of water supply and sewerage services periodically.</p>	<ol style="list-style-type: none"> 1) Copy of notification by State on user charges. 2) A year-wise report on user charge collection for water supply and sewerage in F.Y. 2018-19, 2019-20 and 2020-21 comprising following: <ol style="list-style-type: none"> I. Number of households in State ii. Number of households in State paying user charges for water supply and sewerage. iii. Amount of user charge bills raised by the State for households. iv. Amount of user charges collected by State from households. 3) Cost of O & M of water services to the State vis. a vis. cost recovered through user charges. Collection from households and other users to be reflected separately. 	<p>Issuance of notification on user charges by the State</p>

3. Reforms to be Incentivized:

AMRUT 2.0 targets water security of ULBs and better municipal services including water related services through reforms. To achieve this, seven reforms have been included in Mission which will be incentivised on successful implementation. Rejuvenation of water bodies, reduction in Non-Revenue Water (NRW) and reuse of treated used water are the reforms oriented towards water security of towns. Reforms on enhancing few specified services through building byelaws, efficient urban planning, online municipal services & grievance redressal system and GIS based mapping of properties are aimed at improving urban governance. Improving municipal finances through issuance of municipal bonds is also a reform which will be incentivized.

Further Incentive is proposed to be given against demonstration projects undertaken that are making remarkable impact in the fields of NRW reduction, 24X7 water supply, Drink from Tap facility, Rejuvenation of Water Bodies, SMART solutions targeting water metering in District Metered Areas (DMAs). Decision of MoHUA will be final in this regard.

Altogether, eight percent of Central Assistance (CA) allocated to AMRUT 2.0 projects as per Budget Estimate (BE) has been earmarked as reform incentive. Amount of ₹ 5,340 crore, has been broadly allocated for incentive over entire Mission period. Distribution of incentive for various reform activities is as under:

Table 3. Reform Incentive for Reform Components

SI No	Reform Activity	Amount Allocated (₹ cr)
1	Successful implementation of seven specified reforms	2,800
2	Incentive for issuance of municipal bonds	520
3	Incentive against demonstration projects	2,020
	Total	5,340

Note- The amount allocated in the above Table 3 is tentative. This may change depending on BE and progress made by States in reform implementation. Decision of MoHUA in this regard will be final.

Reforms are to be implemented in time bound manner by States to be eligible for reform incentive. The reforms have been mentioned along with the timelines and incentive proposed against their implementation in following Table:

Table 4. Reforms to be incentivised with Timelines

SI No	Reform to be implemented	Reform Year	Mission allocation for Incentive (₹ cr)
1	Implementation of Urban Reforms	2022-23 2023-24	650

2	Online Grievance redressal and municipal service delivery	2023-24 2024-25	350
3	Water body rejuvenation	2024-25	400
4	GIS Based mapping of properties for collection of property tax	2023-24 2024-25	400
5	Efficient urban planning through Local Area Plans (LAP) and Town Planning Schemes (TPS)	2025-26	300
6	Reduction in Non-Revenue Water (NRW) to below 20%	2023-24 2024-25 2025-26	400
7	Recycle/ reuse of treated used water	2023-24 2024-25 2025-26	300
	Total		₹ 2,800 cr

ULBs are proposed to be incentivized for issuance of municipal bonds. The ULBs issuing bonds for the first time and claiming incentive shall be awarded incentive @ ₹13 crore per ₹100 crore worth of bonds issued with total incentive not exceeding ₹26 crore per ULB. ULBs can claim incentive for the second time against fresh issuance of bonds, if the bonds issued fulfil the criteria of green bonds specified by Securities & Exchange Board of India (SEBI). On issuance of these bonds, ULBs shall be eligible for incentive of ₹10 crore per ₹100 cr worth of bonds issued with total incentive not exceeding ₹20 crore. A ULB can send the claim for incentive immediately after issue of bonds with supporting documents. Incentive will be awarded on 'First Come First Served' basis.

States shall send their proposal for claiming incentive against demonstration projects clearly bringing out the salient features of these projects specifically mentioning the benefits derived out of these projects. There is no specific format for claiming this incentive. If no projects are found suitable for this incentive, the amount saved will be added to project fund or incentive proposed for other reforms as decided by MoHUA.

4. Milestones and Specific timelines of Reforms:

A. Reforms to be implemented during 2022-23/ 2023-24

4.1: Reform 1: Implementation of urban reforms

Phase 1: Leveraging technological advancements through building byelaws

This reform targets enhancing ease of living of citizens by incorporating following provisions in building byelaws:

- 1) **Dual water piping:** Households to have two separate water connections – one for drinking water and another for non-potable purposes through treated used water/ rain water.
- 2) **Electric Vehicle charging points:** In order to meet rising demand of charging of electric vehicles, it is necessary to make provisions for establishing Public Charging Stations (PCS) in local areas. This reform aims at making provisions for the same in the building byelaws.
- 3) **WiFi Infrastructure:** Launch of 5G technology standards for broadband cellular networks is expected to create huge opportunities for high speed digital infrastructure. In order to improve in-building coverage and to offer better-quality high-speed data services, there is a need to install In - Building Solutions (IBS) for augmenting wifi services.

Brief of reform is as under:

Reform 1 – Phase 1: Leveraging technological advancements through building byelaws

Milestone	Inclusion of following in building byelaws through State Notification/ Govt Order/ amendment etc: i. Dual piping ii. EV charging points iii. Wi-Fi infra in new buildings	
Supporting Details	Copy of State notification and byelaws duly incorporating the notification	
Incentive for Reform	Urban Population of State	Incentive
	> 1 crore	₹ 16 crore
	25 lakh to 1 crore	₹ 12 crore
	3 lakh to below 25 lakh	₹ 8 crore
	< 3 lakh	₹ 2 crore

Phase 2: Unlocking Land Value through Urban Planning

The reform targets enhancing land value by amending Building Bye-laws with a view to eliminate provisions that are internally inconsistent. The provisions related to Floor Space Index (FSI), setbacks, permissible height, ground coverage etc. need to be scrutinized to synchronize the regulations for development. 'Differential Planning' of cities covering aspects like Transit Oriented Development (TOD) regulations, Transferable Development Rights (TDR), heritage building regulations, affordable housing regulations, etc. needs to be added to building byelaws depending on size, nature and requirement of cities. Brief of reform is as under:

Reform 1 – Phase 2: Unlocking Land Value Through Urban Planning

Milestone	Amendments in building byelaws with respect to following: i. Removal of contradictions regarding 'setbacks' and 'ground coverage' for utilization of full FSI available on plot. ii. Additional or Enhanced FAR / FSI and adoption of Differential planning bye-laws for cities within the state.
Eligibility Criteria	I. Notification at State level ii. Adoption of notification by half of the AMRUT cities/ ULBs (rounded off to next whole number, if fraction) in State having two or more AMRUT ULBs. iii. Adoption of notification by the only AMRUT city in the State, if so.

Supporting Details	Copy of State notification and document certifying adoption of notification by AMRUT cities/ ULBs as claimed	
Incentive Allocation	ULB Population	Incentive
	More than 40 lakh	₹ 20 Lakhs
	10 lakh to 40 lakh (both included)	₹18 lakhs
	More than 1 lakh but below 10 lakh	₹ 15 lakhs
	1 lakh and below	₹ 10 lakhs

B. Reforms to be implemented during 2023-24 / 2024-25

4.2 Reform 2: Online Grievance redressal and municipal service delivery

Reform targets ease of living of citizens by providing them online access to various municipal services. This includes an effective grievance redressal mechanism facilitating easy lodging of complaint and its speedy resolution. Brief of reform is as under:

Reform 2: Online Grievance Redressal and Municipal Service Delivery

Milestone	Adoption of online system for delivery of atleast seven of following municipal services:	
	<ul style="list-style-type: none"> i. Payment of Property tax ii. Payment of User charges iii. Registration of Birth, Death and Marriage iv. Issuance of trade licenses v. Public grievance redressal vi. Application & payment for Advertisement vii. Building Permissions 	<ul style="list-style-type: none"> viii. Mutations ix. Pension x. Application system for new water connection xi. Application system for new sewer connection xii. Other, if any
Eligibility Criteria	Achievement of milestone by at least 50% of ULBs in State	
Supporting Details	<ul style="list-style-type: none"> I. URL of Web portal(s)/ Mobile app(s) along with list of municipal services provided online in immediately preceding three months from date of claim. ii. Number of grievances redressed in immediately preceding three months from date of claim. iii. Number of grievances that could not be redressed in 30 days in immediately preceding three months from date of claim. 	
Incentive allocation	ULB population	Incentive
	More than 40 lakh	₹ 30 Lakh
	10 lakh to 40 lakh (both included)	₹25 lakh
	More than 1 lakh but below 10 lakh	₹ 20 lakh
	1 lakh and below	₹ 14 lakh

C. Reforms to be implemented by 2024–25

4.3 Reform 3: Rejuvenation of Water Bodies

Rejuvenation of water bodies is known to improve visual appeal, bio diversity and ecological health of the city. It also helps city to become a place of social and economic activity. Through Mission Amrit Sarovar, there is special focus on water body rejuvenation.

Reform 3: Rejuvenation of Water Bodies

	Implementation and completion of projects on Water body rejuvenation as specified below:	
Milestone	ULB Population	No. of Water Bodies to be Rejuvenated
	> 40 lakh	5
	10 to 40 lakh (Both included)	3
	1 lakh to below 10 lakh	2
	< 1 lakh	1
Projects Eligible	<ul style="list-style-type: none"> i. Water bodies having area above 1 acre ii. Projects undertaken under AMRUT 2.0 or through any other source after 1st Oct, 2021 iii. Water body rejuvenated should not have been repaired/ rejuvenated in last ten years before 1 Oct, 2021. 	
Supporting Details	<ul style="list-style-type: none"> i. Physical Progress of eligible AMRUT project to reflect as 100% on AMRUT 2.0 collaborative platform. ii. Five Geotagged photographs each before and after completion of rejuvenation. iii. Test report of water of rejuvenated water body to comply with class D as per CPCB guidelines iv. A report on water body mentioning brief details of projects viz. Date of commencement, date of completion, cost of project, name of contractor, issues faced in implementation and special features of project along with completion certificate. 	
Incentive Allocation	<ul style="list-style-type: none"> i. ₹15,00,000/- per rejuvenated water body. ii. If no. of water bodies rejuvenated is more than that specified against the milestone, incentive will be restricted to the milestone targets. 	

4.4 Reform number 4 - GIS based Mapping of Properties for Collection of Property Tax

Geographical Information System (GIS) based mapping of properties can help in tracing and accounting of properties in a ULB which have been unaccounted for long. GIS mapping of properties will help in improving the tax collection by bringing more properties under the ambit of taxation, therefore positively impacting the financial health of ULBs.

Brief of reform is as under:

Reform 4: GIS Based Mapping of Properties for Collection of Property Tax

Milestone	<ul style="list-style-type: none"> i. GIS based mapping of properties including residential and others in the city. ii. Ground truthing of GIS map mentioned in Sl no.(I) above and property tax bill raised. 	
Eligibility Criteria & Supporting details	<ul style="list-style-type: none"> i. Submission of GIS based map of cities after ground truthing of all residential and other properties. ii. Proof of property tax bills raised against properties mapped above. 	
Incentive Allocation	Percentage of Wards covered in city	Incentive
	< 10% wards	10 lakh
	10% to 25%	25 lakh
	26% to 50 %	50 lakh
	51% to 75%	75 lakh
	> 75%	1 Crore

* Up to five cities per State will be incentivized.

D. Reforms to be implemented by 2025-26

4.5 Reform 5 - Efficient Urban Planning through Local Area Plans (LAP) and Town Planning Schemes (TPS)

This reform targets to assist the States in implementing Town Planning Schemes and Local Area Plans, thereby promoting improvement in brown-field/ core city areas by increasing land in public realm and infrastructure improvement in green field. Brief of reform is as under:

Reform 5. Efficient Urban Planning through Local Area Plans (LAP) and Town Planning Schemes (TPS)

Milestone	<ol style="list-style-type: none"> 1. Inclusion of necessary legal provisions in relevant acts at State level. 2. Finalization of plan/ scheme for Local Area Planning (LAP) and/ or Town Planning Scheme (TPS) in selected ULBs. The area covered in LAP/ TPS of a city should cover 50 hectare or more. The proposal under this should not overlap with the proposal covered under sub-scheme on LAP/ TPS under AMRUT for 25 select cities.
Eligibility Criteria and Supporting Details	Finalization and approval of LAP and/or TPS scheme in selected ULB as per milestone above.
Incentive allocation	<ol style="list-style-type: none"> i. ₹ 2 crore for each completed/ approved LAP/ TPS plan in one city. ii. Up to five cities per State will be incentivized.

E. Reforms to be implemented during 2023-24/ 2024-25/ 2025-26

4.6 Reform 6 - Reduction in Non-Revenue Water to below 20% at ULB Level

As per estimates, Non-Revenue Water (NRW) in India is above 31%. AMRUT 2.0 targets to reduce non-revenue water NRW to 20%. First step in this is to accurately measure NRW. This can be achieved by installing water meters at several locations like bulk intake point, distribution from Overhead or Ground level reservoir and at various key locations in District Metered Areas. This is followed by leak detection and its rectification. Towards this end, AMRUT 2.0 intends to incentivize installation of bulk and household level meters. Reduction in NRW would also require adequate planning, trained personnel, digitization of leakage reporting process etc.

Brief of reform is as under:

Reform 6: Reduction in Non-Revenue Water to below 20% at ULB Level

Milestone	<ol style="list-style-type: none"> i. Installation of water meters at all water sources and bulk distribution points within ULB. ii. Establish District Metered Areas (DMAs) covering 50% of ULB population with 100% metering within these DMAs including household meters and reporting NRW in DMAs. iii. Establishing 'Non-revenue water cell' in ULB for leakage mapping and water audit. <ol style="list-style-type: none"> a. Note: ULBs already having DMAs covering 50% population will also be eligible.
Supporting Details and Eligibility Criteria	<ol style="list-style-type: none"> i. Following with respect to coverage of entire ULB with bulk water meters: <ol style="list-style-type: none"> a) Details of all bulk water meters installed in the ULB with GPS coordinates, location & size of meter (pipe diameter). b) Certificate from ULB/ Para-statal that bulk meters installed everywhere in ULB and no more bulk meters required.

	ii. Following with respect to DMAs: a) Details of DMAs identified and population covered in these. b) Number of bulk water meters installed in these DMAs with GPS coordinates, location & size. c) Number of household meters installed in DMAs and entire ULB. d) NRW in these DMAs in third Quarter of 2023-24 and third Quarter of 2024-25. iii. Certificate of having created 'non-revenue water cell' with names of the members of Cell.	
Incentive Allocation	ULB Population	Incentive
	More than 40 lakh	₹ 2 crore
	10 lakh to 40 lakh (both included)	₹ 1.5 crore
	More than 1 lakh but below 10 lakh	₹ 75 lakhs
	1 lakh and below	₹ 50 lakhs

4.7 Reform 7 – Recycle/ Reuse of Treated Used Water:

Recycle/ reuse of treated used water for industrial as well as domestic purposes promotes circular economy of water. It not only helps in reducing water stress in ULBs/ districts but helps in generation of additional revenue for ULB. In certain States treated used water is already being used for industrial and arboriculture/ agriculture purposes. AMRUT 2.0 through this reform intends to encourage ULBs to consistently endeavour to increase reuse of treated used water to the extent of meeting 20% of water demand at State level. Brief of reform is as under:

Reform 7: Recycle/ Reuse of Treated Used Water

Milestone	i. 20 % of total urban water demand of State is met through recycled water. ii. 40 % of total industrial water demand of State is met through recycled water.								
Supporting Details & Eligibility Criteria	i. Information as per Table below with Documentary evidence								
	Name of ULB	Water supplied to ULB in year (ML)		Water supplied through treated used water (ML)		Water supplied to industries in ULB (ML)		Water supplied to industries through treated used water (ML)	
		2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
	Total								
	ii. List of STPs in State showing their location, name, total capacity, operational capacity & water reuse including revenue generated by its sale								

Incentive Allocation	Urban Population of State	Incentive
	> 1 crore	₹ 12 crore
	25 lakh to 1 crore	₹ 9 crore
	3 lakh to below 25 lakh	₹ 6.5 crore
	< 3 lakh	₹ 2 crore

5. Other Relevant Information about Reform Incentive

- a) The state is expected to evaluate and submit valid claims to the Ministry of Housing and Urban Affairs, within period specified after reform milestones are achieved.
- b) Relevant information and claims will be submitted on the AMRUT 2.0 portal.
- c) Claims will be submitted only after approval of State High Power Steering Committee.
- d) The necessary documentary evidence will also be uploaded with claim.
- e) Utilization Certificate (UC) against reform incentive received will be provided by State as per Mission guidelines and rules of MoF in vogue.
- f) MoHUA may transfer unutilized incentive funds to project fund.

