

# MANDATES OF THE 73RD AND 74TH AMENDMENTS FOR PLANNING MUNICIPAL AND PANCHAYAT AREAS IN INDIA\*

## I. The Constitutional Mandates Requiring Urgent Consideration

### Emphasis on Economic Development and Social Justice

1. Article 243G and clause (a) of article 243W as inserted by the 73rd and 74th Amendments to the Constitution, *inter-alia*, provide the new constitutional context for planning in the *Panchayats* and the Municipalities in India. These articles in the respective cases, lay emphasis on the following provisions :

- in *article 243G and Article 243W*, on the preparation of plans for economic development and social justice,
- in *article 243G*, for the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to most of the matters listed in The Eleventh Schedule, and
- in *article 243W*, for the performance of functions and implementation of schemes as may be entrusted to them including those in relation to matters listed in The Twelfth Schedule.

The relevant entries of The Twelfth Schedule are : *entry 1* on Urban Planning including town planning, *entry 2* on Regulation of land use and construction of buildings, *entry 3* on Planning for economic and social development, *entry 9* on Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded, *entry 10* on Slum improvement and upgradation, and *entry 11* on Urban poverty alleviation.

2. With due regard to the entries in articles 243G and 243W as cited above, *it is noteworthy that “justice, social, economic and political” is part of Preamble to the Constitution of India and the objectives specified in the Preamble contain the basic structure of the Constitution.*

It is, thus, expected that these objectives will, at all times, infuse the exercise of all powers and responsibilities on different organs of the State, be it at the Union, state or sub-state levels.

3. Furthermore, in Part IV on *Fundamental Principles of State Policy*, clause (1) of article 38 entitled *State to secure a social order for the promotion of welfare of the people* provides that -

38. (1) The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of national life.

4. In addition, subject to the provisions of clause (2) of article 246 of the Constitution entitled “*Subject matter of laws made by Parliament and Legislatures of the States*”, item 20 in List III in the Seventh Schedule specifies “*economic and social planning*” for which both the Parliament and the State Legislatures are competent to frame the laws.

***Thus, economic and social planning would have to be the cornerstone for any development planning legislation, fine tuned for the 21st Century.***

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## **The Role of People's Representatives and Citizens in all Planning Matters**

5. *Article 243ZD on Committee for district planning (DPC) for each district, and article 243ZE on Committee for Metropolitan Planning (MPC) for each metropolitan area in the State, as the case may be, define the roles of the people's representatives in planning matters in the municipal areas, the Metropolitan areas, and in the Panchayats, subject, however, to the fact that both the Committees shall forward their Draft Development Plans to the State Government.*

6. The Mandatory Reforms under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) also emphasize that the people's participation is essential in the planning process, and for this purpose, citizen's participation must be institutionalized through enactment of Community Participation Laws so as to involve the *Area Sabhas* which would be at ward/neighbourhood levels for the preparation of the local area plans.

### **Integration of Urban and Rural Plans**

7. These articles also require that in preparing draft *development plans*, both the Committees shall have regard to *matters of common interest between the Panchayats and the Municipalities including spatial planning, sharing of water and other physical and natural resources, the integrated development of infrastructure and environmental conservation* [article 243ZD(3)(a)(i)] and [article 243ZE(3)(a)(ii)].

In addition, it has been provided that the Committee for Metropolitan Planning shall have regard to *the overall objectives and priorities set by the Government of India and Government of the State* [article 243ZE(3)(a)(iii)] and *the extent and nature of investments likely to be made in the Metropolitan area by agencies of the Government of India and of the Government*

*of the State and other available resources whether financial or otherwise* [article 243ZE(3)(a)(iv)].

### **Viewpoints in the Background Paper**

The 74th Constitution Amendment stipulates a framework for participatory planning. The District and Metropolitan Development Plans envisaged under the 74th Constitution Amendment aim at integration of rural and urban development planning along with coordinated spatial planning and emphasis on environmental conservation. These frameworks for participatory planning of urban and rural areas in an integrated manner are essential for sustainable development.

As positive and negative externalities arise from inter-linkages and interactions between cities and their surrounding rural areas, there is a need to evolve the future pattern of urbanization based on regional planning process with innovative and integrated urban-rural spatial patterns driven by new investments and employment opportunities in urban areas propelled by economic liberalization and decentralization.

The 74th Amendment to the Constitution has provided a structure for organizing urban governance. The Amendment stipulates the need for decentralized urban governance and the empowerment of cities as the third-tier of governance with prescriptions for representation, functions, finance, poverty, environment and planning.

In many countries, urban growth is initially driven by national governments, and then further propelled by local authorities and other actors, such as the private sector. This has led to cities competing with each other for resources and for inclusion in regional and national development plans and strategies. The growth of cities through local initiatives reflects a rising trend towards greater urban entrepreneurship and more intense city competition.

## II. Constitution of New Constitutional Authorities

### Articles 243ZD and 243ZE

8. These articles also define the basis on which the District Planning and the Metropolitan Planning Committees shall be constituted and how the chairpersons shall be appointed.

9. There is need to define the functions of both these Committees, *not merely by copying the constitutional provisions*, but by specifying functional domains of these Committees in terms of the following :

- (1) the functions as may be performed by the respective constitutional authorities themselves
- (2) the functions as may be performed by the local bodies, i.e. the Panchayats or the Municipalities, and
- (3) the functions which, of necessity, must be assigned to the government departments involved in delivery of urban and civic services, parastatals / competent techno-economic authorities / boards / companies / public-private partnerships / CBOs / NGOs, all of which would simply play service roles.

### Proposed Functions of DPCs and MPCs

10. The functions as may be assigned to the District or the Metropolitan Planning Committees may include :

- (1) developing a *vision* for the district, or the metropolitan area, as the case may be, covering both the *Panchayat* and Municipal areas

### Issues for Consideration

One issue which relates to the DPCs and MPCs is whether these authorities may be created through separate statewide Acts as has been done in West Bengal, Maharashtra, Uttar Pradesh and Madhya Pradesh, or should these Committees be constituted vide amendments of existing Panchayat Acts as has been done vide the Karnataka Panchayati Raj Act, 1993 (section 310) and Rajasthan Panchayati Raj Act, 1994 (section 121), or in Municipal laws as is proposed in Uttar Anchal. Since these Committees have jurisdictions covering areas of both the Panchayats and the Municipalities, according to a sound legislative practice, both the Acts need to be stand alone Statewide Acts.

It needs to be pointed out that the Chairpersons of these Committees must be selected from among the members of these Committees – elected or nominated.

The issue is whether appointments of Chief Ministers or other Ministers who have not been nominated as members of any DPC or MPC shall fall within the ambit of the *manner in which the Chairpersons of such Committees shall be elected*”.

Another issue which merits consideration relating to the functional domain of the two constitutional authorities beyond the *integration of plans prepared by Panchayats and Municipalities*, is *whether the scope of planning would be derived from the provisions of article 243G and article 243W on “Powers, authority, and responsibilities” of Panchayats and Municipalities, respectively, as also relate to the entries in the Eleventh and the Twelfth Schedules.*

In this regard, it is to be noted that article 243W, in its clause (a)(ii) and clause (b) clearly stipulates that the functions as specified in the two articles and the two schedules shall “include those listed in the schedules” and clearly implies that “other functions” may also be assigned to the Municipalities including the functions relating to the “informal sector”.

- (2) enunciation of *the policies, the priorities and the strategies* involved, for the District, or the metropolitan area, as the case may be
- (3) formulation of *medium-term and annual public investment programmes*
- (4) preparation of estimates of financial resources for *financing any district plan, or any metropolitan area plan*, as the case may be, and allocation of funds from the available resources for *Panchayats and Municipalities* at the District level, or the Metropolitan level
- (5) identification of schemes and programmes which require *institutional finance and the source(s) therefor*
- (6) *allocation of sectoral and sub-sectoral outlays* within the overall framework of the district or the metropolitan area development plan budgets
- (7) modification or amendment and consolidation of the draft Five Year Plan or Annual Development Plan prepared for the rural and urban areas, keeping in view the over-all plan objectives and strategies
- (8) preparation of plans for *private investments and the promotional incentives for obtaining such participation*
- (9) assessment of the progress under the schemes and programmes being implemented in the district, or the metropolitan area, under the decentralized planning framework including central sector and centrally-sponsored schemes, and the Local Area Development Schemes of Parliamentary Constituencies and Assembly Constituencies
- (10) preparation of *employment plan* for the district, or the metropolitan area, and indicate a *strategic plan to manage the degree of existing unemployment within a specified time frame*
- (11) forwarding the draft development plans to the *Panchayats*, the *Municipalities*, and subsequently to the State Government in such manner as may be prescribed and follow-up thereof with the concerned State Level Political set up
- (12) submission of regular progress reports to the State Government in respect of the schemes included in the district/ metropolitan plans.

**Functional Assignments for  
Local Bodies – Panchayats and Municipalities**

11. Their functions would include :

- (1) identification of the local needs and objectives within the framework of national and state plan objectives, based on a consultative process involving the rural bodies at various levels, and the *Area Sabhas*, the Ward Committees, both in rural and urban areas, the Councillors, and the local level Political Executives, at the *Panchayat* and Municipal levels
- (2) organizing an effective consultative process with all the stakeholders at the local level

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| (3) guiding the tasks for preparation of Local Area Plans             | Government with regard to the State sector schemes having significant bearing on the process of development of the <i>Panchayats</i> /the Municipalities, and |
| (4) organizing people's participation in the overall planning process |   |
| (5) making suggestions and recommendations to the State               | (6) assisting in site selection for different works and schemes.  |

**Roles of the Planning and Development Authorities/Parastatals/  
Infrastructure Development Agencies/Other Techno-Economic Bodies**

12. The following would merit consideration :

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| (1) the professionally competent planning and development authorities would have to be assigned their due importance. However, new legal frameworks would be necessary to make their functioning subservient to the roles of the Constitutional authorities mentioned earlier  | (4) in spite of the above mentioned limitations, the planning processes need to emphasize an interface between local aspirations and the prescriptions of higher level agencies. This can be ensured by involving the people's representatives and the <i>Area Sabhas</i> at the grass root levels, and ensuring a consultative process with all the stakeholders at the local level, so that the technocrats may fully appreciate the local level perceptions on what the future should be |
| (2) having regard to their management, technical and financial capacities, appropriate roles for planning and development would have to be assigned to Municipalities ranging from Metropolitan City Corporations, at one end, to the <i>Nagar Panchayats</i> , or the <i>Panchayats</i> , at the other  | (5) enabling provisions would have to be made for private sector's role in the development work, so as to widen the resource base, and to ensure that the plans are prepared based on the latest developments in technology, and have regard to the modern construction and O&M practices and also become available for implementation in real time   |
| (3) roles of the parastatals and the infrastructure development agencies in respect of <i>infrastructure planning, development and investment plans</i> therefor would have to be appropriately accommodated under the <i>development plans</i> with a view to ensure prioritization of investments, management of deficits in services, and access of services to the poor and the under privileged | (6) in all these arrangements, clear-cut policy prescriptions would be necessary as to who would finance the costs of the developments as resultant from the planning processes and who would monitor the progress thereof  |

(7) while giving due regard to the autonomous nature of various special purpose authorities such as the Special Economic Zones, the Industrial Area Authorities, and other Special Area Agencies, the planning process would have to ensure that, despite the autonomous functioning of such bodies, the regulatory, and development control norms as applicable under the state development planning laws would have to be rigidly followed.

A scheme of rigorous monitoring would have to be covered in the legal frameworks to ensure that there are no escape routes.

The above mentioned tasks would involve an extensive consultative process before the *Policy Agenda for Regional Planning* is given a concrete shape.

13. The functions of the Planning and Development Authorities / Parastatals / Infrastructure Development Agencies and other Techno-Economic Bodies could include :

(1) collection, compilation and updating of information relating to natural and human resources of the district/the metropolitan area, to create a sound data base for decentralized planning and preparation of resource profiles at various levels

(2) listing and mapping of amenities at village, *area sabha*, district and/or metropolitan levels

(3) definition of vision, mission, strategy and preparation of different components of Plan for consideration and approval at the political levels, namely :

(a) economic development and employment generation plan, with a special focus on poverty alleviation

(b) civic, economic, and social infrastructure development and maintenance plans, as also the costing and pricing of various services

(c) solid wastes management plan

(d) sanitation plans

(e) plans for roads, rail, airways, waterways, and sub-soil developments, and traffic & transportation system plans, including financial and management aspects thereof

(f) ecological plan having regard to the settlement plans, and provisions for “outgrowths” and “census towns”, to cover the urbanizing fringes, and

(g) management of the development processes.

In all cases, it may be necessary to prepare the Heritage Conservation Plans, also.

### **Management of the Jurisdictional Overlaps**

14. It must be pointed that the overlaps between jurisdictions of MPCs and DPCs must be eliminated by amendments of the State Municipal and *Panchayat* Laws to the effect that any area covered by any MPC shall not be included in the jurisdiction of the DPC in the vicinity, for planning and development purposes and clear-cut responsibilities must be specified for planning and development of trans-municipal functions.

## **Initiatives\* by Some State Governments for Constitution of District Planning Committees and Metropolitan Planning Committees**

### **District Planning Committees**

15. According to the *Fifteenth Anniversary Charter on Panchayati Raj* published in April 2008 by the Ministry of *Panchayats*, of the 24 States covered by the provisions of Parts IX and IXA of the Constitution relating to *Panchayats* and Municipalities, 18 States had constituted the DPCs in accordance with article 243ZD till that time.

16. Under article 243ZD, the Government of India directed vide its Gazette Notification dated 12th November, 2001, that the provisions of articles 243ZD and 243ZE shall not apply to the National Capital Territory of Delhi.

17. Meghalaya Government is exempted under article 243ZC on *Part not to apply in certain areas*.

18. Government of Jammu and Kashmir informed that there is no provision for constitution of a District Planning Committee in the State. Hence, District Development Boards have been under operation in each District since 1976.

19. No Municipality exists in Nagaland.

20. Among the Acts as available for present analysis, reference is made to the following four Statewide Acts, namely : (1) The West Bengal District Planning Committee Act, 1994; (2) The Maharashtra District Planning Committee (Constitution and Functions) Act, 1998; (3) The Uttar Pradesh District Planning Committee Act, 1999; and (4) The Madhya Pradesh Zila Yojana Samiti Adhiniyam, 1995.

The *Annexes* herewith provide analytical data relating to following :

*Annex 1* .. Statewise Composition of District Planning Committees Under Clause (2) of Article 243ZD of the Constitution

*Annex 2* .. Statewise Variations for Nomination of 1/5<sup>th</sup> of the Members of District Planning Committees Under Clause (2) of Article 243ZD of the Constitution

*Annex 3* .. Appointment of Chairpersons, Vice Chairpersons and Secretaries of the District Planning Committees

### **Metropolitan Planning Committee**

21. There are 35 urban agglomerations with population of more than one million in the country. Of these 35 cities are identified as metropolitan or million plus cities.

Other than Greater Mumbai Urban Agglomeration which consists of five Municipal Corporations and fifteen Municipal Councils, and Kolkata and Pune which consist of three Municipal Corporations each, all other metropolitan cities include one Municipal Corporation and, a number of Municipal Councils and Nagar Panchayats.

State Government of Maharashtra issued an ordinance dated 26th September, 1999 for constitution of MPCs for Mumbai, Pune and Nagpur. The ordinance was converted into the Maharashtra Metropolitan Planning Committees (Constitution and Functions) (Continuance of Provisions) Act, 1999 dated 7th January, 2000. The West Bengal Metropolitan Planning Act was placed on the statute books in 1994. In all other cases, the municipal laws were amended to provide for these Committees.

22. As regards the constitution of the Metropolitan Planning Committees, in terms of the elected and nominated members and nomination of Chairpersons, wide variations have been noticed.

\* Subject to revision based on availability of latest information.

For instance, in Karnataka, 12 members would be elected and 10 members would be nominated and no identification has been done of the Chairperson. In Kerala, there would be 10 elected members and 5 nominated members whereas in Maharashtra, there would be 30 elected members and 15 nominated members. Rajasthan provides that two-thirds of the total number shall be elected. In Uttar Pradesh, 14 to 20 members shall be elected and 7 to 10 members shall be nominated whereas in West Bengal, 40 members shall be elected and 20 members shall be nominated.

23. In West Bengal, the Chief Minister and the Minister-in-Charge of Municipal Affairs and Urban Development are the Chairman

and Vice Chairperson, respectively, of the Kolkata Metropolitan Planning Committee which includes the Mayor of the Kolkata Municipal Corporation, Presidents from two District Panchayats, two Members of Parliament, two Members of Legislative Assembly, eight Central and State Government officials and three experts.

Through an *ad-hoc* arrangement, the Kolkata Metropolitan Development Authority, a statutory body, has, however, being designated to provide secretarial support to the MPC, though it itself is governed by an autonomous Authority and performs functions beyond those assigned by the MPC.

### **The New Institutional Hierarchy for Participative Planning**

#### **Need for A New State Level Political Set-up**

24. Considering that both the District and the Metropolitan Planning Committees are required to forward the plans as recommended by such Committees to the State Government, the need is envisaged for a *state level political set up* which would besides enunciating statewide policies, priorities, strategies and investment potentials, consider and approve the plans as proposed by District Planning Committees and Metropolitan Planning Committees and make balanced investment allocations among the Panchayats and the Municipalities across the State, and also monitor the progress of the plans.

25. *Depending upon the political environment in any State, such a set up could be by way of a Cabinet Sub-Committee on Planning and Development, or a duly empowered State Planning and Development Council as set-up under section 55 of the Kerala Municipality Act, 1994 (see Annex 4), or even a statutory authority.*

#### **Technical Advisory Group**

26. A professionally component *Technical Advisory Group* may, however, be set up to point out to such a set-up, the technical deficiencies in the plans as submitted for approval so that the Secretariat of such a set-up may inform the submitting party to make corrections in their plans.

27. Whatever be the state level set-up, its functions must simply relate to policy formulation and assessment as to how far the recommendations of the District and Metropolitan Committees fall within the State's policy framework.

Such a set-up, or the Technical Advisory Group, should not, however, involve itself in the actual planning and development tasks remembering that the entire objective of democratic decentralization of local governments by itself requires sharing of responsibilities among all levels.



### **Superior-most Role of the State Level Political Set-up**

28. As is well known, the local level political executives, wherever installed, and the numerous statutory bodies, the parastatals, the companies, the public-private partnerships, the NGOs as well as the CBOs function mostly independently, but within the frameworks of their respective statutes or other legal frameworks under which they are created.

Under the new political set-up it would be necessary that in all planning matters, all such institutions and even Government Departments involved in planning and development or provision of infrastructure or urban/civic services, and which enjoy autonomy in their respective areas of work, however, remain within the purview of the *state level political set up so far as their budgets and programmes are concerned which must be approved by this set-up.*

29. *Under these arrangements, while the two constitutional authorities would also have to function subject to the policy directions of the state level political set up, both these authorities, due to their constitutional status, would have to be superior to the statutory and other authorities whose plans, programmes and budgets for their specific jurisdictions would have to be overseen and approved by them, as would be those of the companies, the public-private partnerships, the NGOs, the CBOs, and even the Government Departments providing urban/civic/transportation services within such jurisdictions.*

Though simply stated, this may turn out to be a herculean task as the well established and well entrenched vested interest groups would, under the notions of their own autonomy, jeopardize any such process. However, a determined political leadership can prevail over all these narrow inward looking interest groups.

### **III. Constitutional Provisions Relating to Preparation of Draft Development Plans**

#### **The Proposed Legislative Scheme**

30. The legislative scheme for preparation of Draft Development Plans involving the roles of the District Planning Committees constituted under article 243ZD and Committee for Metropolitan Planning Committee constituted under article 243ZE would revolve around the following :

#### ***The Discretionary Powers of State Legislatures***

- for preparation of plans for economic development and social justice .. vide clause (a) of article 243G and clause 2(a)(i) of article 243W
- for the implementation of schemes for economic development and social justice as may be entrusted to the *Panchayats* .. including the matters listed in the Eleventh Schedule
- for performance of functions and the implementation of schemes .. including the matters as listed in the Twelfth Schedule

### **The Mandatory Powers of the District Planning Committees and the Metropolitan Planning Committees**

31. Clause 3(a)(i) of article 243ZD and clause 3(a)(ii) of article 243ZE provide that having regard to matters of common interest between the *panchayats* and municipalities, *coordinated* spatial planning, sharing of water and other physical and natural sources, the integrated development of infrastructure and environmental conservation shall be distinctive features of the draft development plans.

### **Bold Departures from Land-Use Oriented Master Plans**

32. Thus, it is seen that the new legislative scheme which would relate to economic development and social justice, integrated development of infrastructure, sharing of water and other physical and natural resources, and environmental conservation, covering both the municipal and *panchayat* areas, together, would be far removed from the land-use oriented Master Plans as drawn up under Statewise Town and Country Planning Laws, now in force across India.

### **New Focus on Development Plans**

33. To start with, while it is noted that, though land being a finite resource would, even now, remain as an urgent concern for the planners of human settlements (urban and rural), *the new focus would have to be on people, more particularly, the poor*, both in urban and rural areas.

Also, any plan, whether for a *panchayat*, or a municipality or a district or any metropolitan area, besides the emerging demographic scenario and settlement

(1) *a Perspective Plan;*

patterns, would have to relate to several sub-plans. These sub-plans would include the following for each planning area -

### **Viewpoints in the Background Paper**

The traditional system of Master Planning of cities based on the Western model of segregation of residential uses from commercial and institutional uses has led to social exclusion and unequal growth. There has been little planning in this system for the informal sector including vendors, hawkers, construction workers and other vulnerable groups in cities. The Master Plans must be made inclusive with provision of adequate space for housing the poor and informal sector activities. We must accept inclusion of the poor as the core in all urban policies and programmes.

Urban growth, mounting poverty, population concentration, and unplanned spatial activities have exacerbated the complexities of urban administration. There is lack of institutional and managerial capacities in implementing poverty alleviation and slum upgrading in urban civic bodies.

In India, the number of poor rose from 60 million in 1973-74 to 67 million in 1999-2000 and further to 80 million in 2004-05. Besides, income related poverty statistics indicated above, the poor suffer from lack of access to reasonable quality housing and urban basic services such as water, sanitation, drainage and efficient public transport. The urban poor also lack security of tenure and a healthy living environment.

Political commitment, especially by the top leadership, plays a critical role in reducing urban poverty and slum prevalence. Some of the most successful cities in this regard have benefitted from visionary mayors and political leaders who have radically transformed city landscapes by introducing reforms and strengthening institutions that enhance a city's economic vitality and environmental sustainability while simultaneously reducing poverty levels and slum prevalence. Policy analysis shows that successful cities in slum prevention and upgrading share similar attributes : (i) awareness and political commitment, (ii) institutional innovation, (iii) policy reforms and institutional strengthening, (iv) effective policy implementation, (v) setting up monitoring and evaluation mechanisms, and (vi) scaling up actions.

(2) *Plans based on the functional domains* of the planning areas (urban and rural);

- (3) for rural areas, the *Plans for enhancement of primary sector activities*, particularly agriculture, including the conservation of forests, wetlands and other eco-sensitive zones, and recreation spaces and heritage areas;
- (4) the *Economic Development Plans*, relating to all sectors of the economy including the primary sector, the secondary sector, and the tertiary sector – having regard to the informal sector; the heavy, large, medium, small scale, and micro industry sectors, as well as enterprises;
- (5) the *Plans for Housing Stock*, both in urban and rural areas, including replacing and retrofitting of such existing stock as and where required; the slums, including shelter near employment places for those below the poverty line and for other disadvantaged groups;
- (6) the *Plans for Roads and Integrated Multi-modal Transport Systems* including transport by road, rail, air, water, and even sub-soil, that segregates destined and non-destined traffic, as also the movement of goods and people, and in the process determines the settlement activity hubs and the regional nodes;
- (7) the *Plans for various sectors including Civic (water supply, drainage and waste disposal), Social (education, health, welfare), and Economic Infrastructure (including roads, transport systems, energy, gas and telecommunications)*, and for safety and security; and

- (8) *financing of development, resource mobilization therefor, and issues relating to accountability.*

Ecological management, urban management, disaster management and heritage management plans including the management of the development processes would also have to be crucial to the entire planning processes.

34. The plans so prepared would have to provide a *spatial context for integrated regional development, and for the performance of the functions and promotion of activities* under the provisions of articles 243G and 243W read with The Eleventh and The Twelfth Schedules to the Constitution (see *Annexes 5 & 6*).

35. From now onwards, for every planning area, may it be a metropolitan area, a district, a municipality, or a *panchayat*, or any local area of a smaller jurisdiction, the following would have to be prepared :

- (1) a 20 year Perspective Development Plan
- (2) a 5 year Development Programme Plan, and
- (3) an Annual Programme, with budgetary allocations.

36. The *Perspective Development Plan* for each settlement shall incorporate its socio-economic, developmental, potentials, policies, strategies and priorities, in as far as these relate to the physical characteristics and the natural resources; the demographic characteristics; the existing and proposed land uses; economic development in primary, secondary and tertiary sectors as may be applicable; housing and shelter development; transportation network development including inter-city and intra-city mass transportation systems, and their interface

with locations of major activity nodes and land uses; and, the poverty alleviation & employment generation programmes in the formal and informal sectors.

These would also incorporate integrated infrastructure development programmes, including water harvesting, and supply of energy including energy from non-conventional sources, drainage, sanitation, refuse disposal, education, health, recreation, communication, and other utilities, and safety & security services such as of police protection, fire protection, and even the National Security Guards.

Also included would be plans for spatial development, indicating directions of growth of settlements (urban or rural) and their components such as residential, commercial, industrial, institutional indicating segregated and prohibited zones, roads and rail networks, transport terminals, ports, airports, waterways and open spaces.

Areas with felt needs for upgradation and/or urban renewal, with special focus on areas under slums and below poverty line habitats would also merit urgent consideration and top priority actions.

It would also be necessary to identify the resource requirements consistent with the Five Year Plans and spell out the programmes for resource mobilization, including those from borrowings.

37. The Perspective Plans for metropolitan areas and districts shall be based primarily on the functional domains of *panchayats* or municipalities. The Economic Sub-Plans, the Infrastructure Sub-Plans, the Transport Sub-Plans, and other Sub-Plans for specific planning areas, would, in effect, be the sub-components of a single Spatial Development Plan for such planning area.

This single Plan has to be conceived in such a manner that the different major

components can be pulled out separately and re-analyzed as and when required.

38. A *5-year Development Programme Plan* can generally indicate the manner in which the use of land in the specific local planning area is covered by such Plan, and is to be regulated, and also indicate the manner in which the developments therein shall be carried out having regard to the above.

39. The Annual Developments Programmes shall be characterized by allocation of budgets therefor.

### **Economic Development Plans**

40. A new area for planning in the local context would relate to preparation of Economic Development Plans which revolve around economic activities.

These are activities which typically are performed for a consideration and are connected with economic life of the planning area in some way or the other. But, it is not an essential characteristic that it should be carried on with a view to profit or for commercial reasons, but it must be an activity which is analogous to activities so carried on.

Thus, in rural settings, these activities may include those of cultivators, and others involved in livestock, fisheries, forestry, or in mining and quarrying operations.

In urban areas, such activities may cover those such as of vendors, or those involved in the informal sector activities; trade, commerce, or industries – heavy, large, and medium; and the micro, small and medium industries, or enterprises, or services; or simply of practising professionals in various disciplines.

41. Government of India, through various enactments, has codified the procedures for licensing/registration of the activities in various categories and those involved in planning for the municipalities and

*panchayats* need to take due note of the same.

42. The Industries (Development and Regulation) Act, 1951 (Act 65 of 1951) which was amended in 1953, 1971, 1973 and 1984 has aimed to provide the Central Government with the means for implementing its industrial policy whereby industries under 38 categories and 174 sub-categories as listed in its Schedule I are required to secure licenses under this Act (see *Annex 7* for the various categories and sub-categories).

**Promotion, Development and Enhancement of Competitiveness of Micro, Small and Medium Enterprises**

43. Similarly, under identical provisions of Schedule I of The Micro, Small and Medium Enterprises Development Act, 2006 which provides for classification of enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership firm, company or undertaking, by whatever name called, of enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries

(Development and Regulation) Act, 1951, or of the enterprises engaged in providing or rendering of services as classified hereinafter, the

Sl. No.	Enterprise is Engaged in	When Classifiable as "Micro Enterprise"	When Classifiable as "Small Enterprise"	When Classifiable as "Medium Enterprise"
1.	Manufacturing/production of goods in any scheduled industry	Investment in plant and machinery does not exceed Rs.25 lakhs	Investment in plant and machinery exceeds Rs.25 lakhs but does not exceed Rs.5 crores	Investment in plant and machinery exceeds Rs.5 crores but does not exceed Rs.10 cores
2.	Manufacturing/production of goods in any industry other than scheduled industry	See Note below	See Note below	See Note below
3.	Providing or rendering of any services	Investment in equipment does not exceed Rs.10 lakhs	Investment in equipment exceeds Rs.10 lakhs but does not exceed Rs.2 crores	Investment in equipment exceeds Rs.2 crores but does not exceed Rs.5 crores

**Note :** It is not an "enterprise" within the meaning of The Micro, Small and Medium Enterprises Development Act, 2006. Therefore, strictly speaking, it cannot be classified as such under the Act and not eligible to benefits under the said Act. However, RBI in a Master Circular dated 1.7.2008 has treated enterprises engaged in the manufacture/production or preservation of goods and whose investment in Plant & Machinery does not exceed above limits as Micro/Small/Medium enterprises.

**Licensing under Municipal and Panchayat Laws**

basis for classification being as given below.

Under this Act, "enterprise" means an industrial undertaking, or a business concern, or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951, or engaged in providing or rendering of any service or services.

**Classification of Services**

44. The term "services" according to a WTO Definition includes a wide range of intangible and heterogeneous products and activities such as transport, telecommunications and computer services, construction, financial services, wholesale and retail distribution, hotels and catering, insurance and real estate, health and education, professional, marketing and other business support, government, community, audio-visual, recreational and domestic, services.

*Annex 8* herewith lists the activities as classified as "services" by WTO/GATT.

45. It is well known that the Municipal laws, particularly, include listing of activities for which licenses are required for the use of any premises from which such activities are carried on.

In the interest of *standardization*, it may be desirable to feature the Schedule I listing, with listing of sub-categories and the list of services as listed in *Annexes 7 and 8* in the State Planning as well as Municipal and Panchayat laws.

### Housing Plans

46. The Policy framework in this regard relates to the 1994, 1998 and 2007 National Housing Policies, and the 2007 Policy advocates for the following :

- (1) creation of adequate housing stock both on rental and ownership basis with special emphasis on improving the affordability of the vulnerable and economically weaker sections of society through appropriate capital or interest subsidies
- (2) use of technology for modernizing the housing sector for enhancing energy and cost efficiency, productivity and quality. Technology should be harnessed to meet the housing needs of the poor. The concept of 'green' and 'intelligent' buildings should be put in place on the ground. Technological advances should be disseminated for preventing and mitigating the effects of natural disasters on buildings, e.g., in case of earthquakes, floods, cyclones, etc.
- (3) promotion of larger flow of funds from governmental and private sources for fulfilling housing and infrastructure needs by designing innovative financial instruments
- (4) specification of suitable fiscal concessions in congruence with the Housing and Habitat Policy, with appropriate monitoring mechanisms, to ensure that the concessions are correctly targeted and utilized
- (5) removal of legal, financial and administrative barriers for facilitating access to tenure, land, finance and technology
- (6) shifting to a demand driven approach, and shift from subsidy based housing schemes to cost recovery-cum-subsidy schemes for housing through a proactive financial policy including micro-finance and related self-help group programmes
- (7) introduction of innovative spatial incentives like relaxation of *floor area ratios* (FAR) for ensuring that 20-25 *per cent* of the units in any layout is/are reserved for EWS/LIG, and issuance of *transferable development rights* for clearance of transport bottlenecks in the inner-city areas, while making available higher densities within appropriate FAR in outer zones with a view to meeting the housing shortage amongst EWS/LIG
- (8) careful review of densities, compatible mixed uses and floor area ratios for allowing more efficient use of scarce urban land by construction of appropriate buildings on the principle of high density-low rise
- (9) facilitating accessibility to serviced land and housing, with focus on low income, economically weaker sections, and below poverty line categories
- (10) special efforts for catering to the needs of the Scheduled Castes, the Scheduled Tribes, Other Backward Classes, Minorities, Disabled persons, slum dwellers, street vendors, other informal sector workers, and other vulnerable sections of the society in relation to housing and access to basic services
- (11) also involving women at all levels of decision making for ensuring their participation in formulation and implementation of housing policies and programmes
- (12) addressing the special needs of women headed households, single women, working women and women

in difficult circumstances in relation to housing serviced by basic amenities

- (13) upgradation of construction skills and accelerated development of housing and infrastructure sectors for giving an impetus to employment generation
- (14) forging strong partnerships between public, private and cooperative sectors for accelerated growth in the housing sector and sustainable development of habitat
- (15) establishing a *management information system* in the housing sector for strengthening monitoring of building activities in the country
- (16) developing settlements in a manner which promotes a healthy environment
- (17) encouraging use of renewable energy resources
- (18) ensuring effective solid waste management in collaboration with persons involved in recycling activities
- (19) recycling of waste water, and enforcing water-harvesting techniques within plots, and
- (20) protecting our tangible and intangible heritage and architecture as well as promoting traditional skills with suitable adaptation to modern technologies.”

The sub-plans for housing and slums need to be drawn up having regard to the above.

47. The Policy must also demand periodic reviews so as to enable real-time corrections.

#### **Transport Infrastructure Development Plans**

48. The National Urban Transport Policy 2006 lays out the following agenda :

##### ***Land-use Interventions***

- (1) encourage “Transit Oriented Development” – with high density areas at or close to public transport nodes and corridors
- (2) develop all future townships, emerging activity centers, SEZs along the defined major transport corridors apart from or properly integrating multi-modal mass transit systems with the development plans
- (3) allow land use changes from time to time (including for public/government uses) to enable efficiency in urban structure through market forces
- (4) discourage sprawl through introduction of vacant land tax and levy of “Transport Impact Fee” on developments in the periphery, and
- (5) ensure that inter-settlement goods transport are interfaced with intra-settlement goods movement at peri-urban inter-change nodes and that through traffic of goods and people are given options to bypass settlements if required.

##### ***Transport Sector Interventions***

- (1) promote non-motorized personalized vehicles by creating facilities for safe use of such modes and their integration with public transport systems
- (2) promote public transit systems that are more cost effective and able to meet the demand levels more optimally
- (3) encourage investments in urban rail and premium bus systems (AC/Express) that persuade personal motor vehicle users to also shift to public transport, and
- (4) shift interstate bus terminals from the city center to the peripheries,

with linkages to an intra-city bus service, as interstate bus terminals (IBTs) sometimes cause congestion in settlements, but less than similar number of people using cars for inter city travel. Before deciding on the shifting of IBTs to the periphery of the city, a proper origin-destination survey of passengers may be done to assess the impact of the measure.

***Requirements for Institutional/  
Regulatory Interventions***

- (1) modify the enabling laws
- (2) establish fare policies and a fare regulator
- (3) implement fiscal measures that encourage use of public transport, and
- (4) constitute unified metro transport authority (UMTA), for larger settlements, or equivalent, as may be necessary.

The transport sector sub-plans need to be guided by the above.

RMK:pbs  
12th March, 2009

49. Government of India is presently supporting preparation of such integration of land use and transport plans to the extent of 40 *per cent* of the cost involved in developing stage plans under existing schemes provided the State Governments also demonstrate their willingness to act in accordance with them.

**Need for Political Will**

50. Considering the significance of the changes which must be ushered in and the complexities of the tasks involved, it must be appreciated that the State level political leaderships would have to demonstrate the same kind of vision, determination, and the political will which the 1992 generation of political leaders in India, both at the national and state levels, demonstrated to usher in the 73rd and 74th Amendments to the Constitution of India. Any lesser degree of such commitments would just not do !



**Statewise Composition of District Planning Committees  
Under Clause (2) of Article 243ZD of the Constitution**

<u>Name of the Act</u>	<u>Specification of Total Number of Members</u>		
(1) The West Bengal District Planning Committee Act, 1994	<i>by notification</i> by the State Government		
	<u>Population</u>	<u>Total No. of Members</u>	<u>Out of Which <sup>4</sup>/<sub>5</sub><sup>th</sup> to be Elected</u>
(2) The Maharashtra District Planning Committee (Constitution and Functions) Act, 1998	(a) Not more than 20 lakhs	30	24
	(b) More than 20 lakhs, but not more than 30 lakhs	40	32
	(c) More than 30 lakhs	50	40
(3) The Uttar Pradesh District Planning Committee Act, 1999	<i>no. of members as may be prescribed</i> subject to these being not less than 20 members and not more than 40 members		
(4) The Madhya Pradesh Zila Yojana Samiti Ahiniyam, 1995	as specified in the Schedule, for the districts as identified, ranging from 15 to 25		
(5) The Karnataka Panchayat Raj Act, 1993 (section 310)	such number of persons, not less than four-fifth of the <i>total number of members of the Committee as may be specified by the Government</i> , elected in the prescribed manner from amongst the members of the Zilla Panchayats, Town Panchayats, and Councillors of the Municipal Corporations and Municipal Councils in the district, in proportion to the ratio between the population of the rural areas and of the urban areas in the district		

**Statewise Variations for Nomination of  
1/5th of the Members of District Planning Committees  
Under Clause (2) of Article 243ZD of the Constitution**

**The West Bengal District Planning Committee Act, 1994**

- the *Sabhadhipatis* of the Panchayat Samitis in the district
- MPs and MLAs elected from a constituency comprising any part of the district, but not being Ministers
- the officers of the State Government or any statutory body or corporation deemed to have specialized knowledge
- the Chairpersons of the Municipalities within the district, or in the sub-division of Siliguri in the Darjeeling district
- the economists and social and political workers of eminence

**The Maharashtra District Planning Committee (Constitution and Functions) Act, 1998**

<u>Appointment by</u>	<u>Number of Nominated Members</u>
• <i>State Government</i>	maximum six Ministers/State Ministers among the Ministers elected from the District, to serve as Co-Chairman
• <i>Governor</i>	one member represented for the concerned Statutory Development Board
• <i>State Government</i>	two members from the Members of State Legislature and the Members of Parliament
• <i>State Government</i>	persons having special knowledge of District Planning <ul style="list-style-type: none"> <li>– DPC having 40 members .. 2 Members</li> <li>– DPC having 50 members .. 4 Members</li> </ul>
• <i>Special Invitees</i>	(a) all the members of State Legislature & the members of Parliament except the nominated members (b) the Divisional Commissioner for the District (c) the Chief Executive Officer of the Zilla Parishad (d) the Officer on Special Duty (Planning) in the Office of the Divisional Commission (e) the District Planning Officer (f) Executive Chairman or member of State Planning Board (g) the State Government to nominate the following members :

<u>Population</u>	<u>No. of Nominated Members</u>
30	9
40	11
50	14

**The Uttar Pradesh District Planning Committee Act, 1999**

- (a) a Minister nominated by the State Government, who shall be the Chairperson of the Committee
- (b) the Adhyaksha of the Zila Panchayat
- (c) the Nagar Pramukh or President, as the case may be, of the Municipality, which is situated at the Headquarter of the district
- (d) District Magistrate-*ex-officio*
- (e) such other members as may be nominated by the State Government subject to the pleasure of the Governor, not to exceed one-fifth of the total members of the Committee.

Also, MPs, MLAs, MLC provided that Ministers and MPs may nominate a representative on their behalf.

**The Madhya Pradesh Zila Yojana Samiti Ahiniyam, 1995**

- (a) a Minister of the State of Madhya Pradesh to be nominated by the Government who shall be the Chairperson of the Committee
- (b) the President of the Zila Panchayat
- (c) the Collector of the District
- (d) where the number of members of the Committee as specified in the schedule, is
  - (i) twenty .. one member
  - (ii) twenty-five .. two members

Also, MPs, MLAs, MLC provided that Ministers and MPs may nominate a representative on their behalf.

**The Karnataka Panchayat Raj Act, 1993 (section 310)**

- (a) members of the House of People who represent the whole or part of the district
- (b) members of the Council of State who are registered as electors in the district
- (c) Adhyaksha of the Zilla Panchayat
- (d) Mayor or the President of the Municipal Corporation or the Municipal Council respectively, having jurisdiction over the headquarters of the district.

Also, MLAs and MLCs and Deputy Commissioner.

**Appointment of Chairpersons, Vice Chairpersons and Secretaries of the District Planning Committees**

**The West Bengal District Planning Committee Act, 1994**

- (a) *Sabhadhipati* to be the Chairperson
- (b) Members to elect from amongst themselves a Vice Chairperson
- (c) District Magistrate to be the Secretary of the Committee

**The Maharashtra District Planning Committee (Constitution and Functions) Act, 1998**

- (a) Minister-in-charge of the District to be the Chairperson
- (b) Collector of the District to be the Member Secretary

**The Uttar Pradesh District Planning Committee Act, 1999**

- (a) Minister nominated by the State Government to be the Chairperson of the Committee
- (b) Chief Development Officer of the district shall be the *ex-officio* Secretary of the Committee
- (c) Economic and Statistics Officer of the district shall be the *ex-officio* Joint Secretary of the Committee

**The Madhya Pradesh Zila Yojana Samiti Ahiniyam, 1995**

- (a) Minister of State Government .. Chairman
- (b) Collector of the District .. Secretary

**The Karnataka Panchayat Raj Act, 1993**

- (a) Adhyaksha of the Zilla Panchayat .. Chairman
- (b) Mayor/President of the Municipality .. Vice-Chairman  
having jurisdiction over the headquarter  
of the District
- (c) Chief Executive Officer .. Secretary

## **Kerala Municipality Act, 1994**

### **Composition and Functions**

- (1) The Constitution of a *State Development Council* shall be as follows :
- (a) the Chief Minister who shall be its Chairman;
  - (b) members of the Council of Ministers of the State and the Leader of Opposition of the State Legislative Assembly, who shall be its Vice Chairman;
  - (c) the Chairmen of the District Planning Committees;
  - (d) the Mayors of the Municipal Corporations;
  - (e) two Chairpersons of the Municipal Councils, two Chairpersons of the Town Panchayats, two Presidents of the Block Panchayats and two presidents of the Grama Panchayats, nominated by the Government;
  - (f) the Vice Chairman of the State Planning Board; and
  - (g) the Chief Secretary who shall be its Members-Secretary.
- (2) In sub-section (2) of section 55, it is provided that -
- (2) The State Development Council shall, -
- (a) formulate policy for local level development and regional level development;
  - (b) co-ordinate the District Plans and the State Plans;
  - (c) formulate policy necessary for strengthening Local Self Government Institutions;
  - (d) deal with common issues concerning development, among the districts.

### The Eleventh Schedule

Functions to be Performed or Services to be Provided	Activities to be Promoted
entry 2 : Land improvement, implementation of land reforms, land consolidation and soil conservation	entry 1 : Agriculture, including agricultural extension
“ 3 : Minor irrigation, water management and watershed development	“ 4 : Animal husbandry, dairying and poultry
“ 11 : Drinking water	“ 5 : Fisheries
“ 12 : Fuel and fodder	“ 6 : Social forestry and farm forestry
“ 13 : Roads, culverts, bridges, ferries, waterways and other means of communication	“ 7 : Minor forest produce
“ 14 : Rural electrification, including distribution of electricity	“ 8 : Small scale industries, including food processing industries
“ 15 : Non-conventional energy sources	“ 9 : Khadi, village and cottage industries
“ 23 : Health and sanitation, including hospitals, primary health centers and dispensaries	“ 10 : Rural housing
“ 29 : Maintenance of community assets	“ 16 : Poverty alleviation programme
	“ 17 : Education, including primary and secondary schools
	“ 18 : Technical training and vocational education
	“ 19 : Adult and non-formal education
	“ 20 : Libraries
	“ 21 : Cultural activities
	“ 22 : Markets and fairs
	“ 24 : Family welfare
	“ 25 : Women and child development
	“ 26 : Social welfare, including welfare of the handicapped and mentally retarded
	“ 27 : Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes
	“ 28 : Public distribution system

### The Twelfth Schedule

Functions to be Performed or Services to be Provided	Activities to be Promoted
entry 1 : Urban Planning including town planning	entry 4 : Roads and bridges
“ 2 : Regulation of land use and construction of buildings	“ 7 : Fire services
“ 3 : Planning for economic and social development	“ 8 : Urban forestry, protection of the environment and promotion of ecological aspects
“ 5 : Water supply for domestic, industrial and commercial purposes	“ 9 : Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded
“ 6 : Public health, sanitation conservancy and solid waste management	“ 11 : Urban poverty alleviation
“ 10 : Slum improvement and upgradation	“ 12 : Provision of urban amenities and facilities such as parks, gardens, playgrounds
“ 14 : Burials and burial grounds; cremations, cremation grounds and electric crematoriums	“ 13 : Promotion of cultural, educational and aesthetic aspects
“ 15 : Cattle pounds; prevention of cruelty to animals	“ 17 : Public amenities including street lighting, parking lots, bus stops and public conveniences
“ 16 : Vital statistics including registration of births and deaths	
“ 18 : Regulation of slaughter houses and tanneries	

**The Industries  
(Development and Regulation) Act, 1951**

and

**The Micro, Small and Medium  
Enterprises Development Act, 2006**

**THE FIRST SCHEDULE**  
*[See Sections 2 and 3(i) of Each Act]*

Any industry engaged in the manufacture or production of any of the articles mentioned under each of the following headings or sub-headings, namely :

**1. Metallurgical Industries**

*A. Ferrous*

- (1) Iron and steel (metal)
- (2) Ferro-alloys
- (3) Iron and steel castings and forgings
- (4) Iron and steel structurals
- (5) Iron and steel pipes
- (6) Special steels
- (7) Other products of iron and steel.

*B. Non-ferrous*

- (1) Precious metals, including gold and silver and their alloys
- (1-A) Other non-ferrous metals and their alloys
- (2) Semi-manufactures and manufactures.

**2. Fuels**

- (1) Coal, lignite, coke and their derivatives
- (2) Mineral oil (crude oil), motor and aviation spirit, diesel oil, kerosene oil, fuel oil, diverse hydrocarbon oils and their blends including synthetic fuels, lubricating oils and the like
- (3) Fuel gases (coal gas, natural gas and the like)

**3. Boilers and Steam Generating Plants**

Boilers and steam generating plants.

**4. Prime Movers (other than Electrical Generators)**

- (1) Steam engines and turbines
- (2) Internal combustion engines.

**5. Electrical Equipment**

- (1) Equipment for generation, transmission and distribution of electricity including transformers
- (2) Electrical motors
- (3) Electrical fans
- (4) Electrical lamps
- (5) Electrical furnaces
- (6) Electrical cables and wires
- (7) X-ray equipment
- (8) Electronic equipment
- (9) Household appliances such as, electric irons, heaters and the like
- (10) Storage batteries
- (11) Dry cells.

**6. Telecommunications**

- (1) Telephones
- (2) Telegraph equipment
- (3) Wireless communication apparatus
- (4) Radio receivers, including amplifying and public address equipment



(5) Television sets

(6) Teleprinters.

## 7. Transportation

(1) Aircraft

(2) Ships and other vessels drawn by power

(3) Railway locomotives

(4) Railway rolling stock

(5) Automobiles (motor cars, buses, trucks, motor cycles, scooters and the like)

(6) Bicycles

(7) Others, such as, fork lift trucks and the like.

## 8. Industrial Machinery

A. *Major items of specialized equipment used in specific industries :*

(1) Textile machinery (such as spinning frames, carding machines, powerlooms and the like) including textile accessories

(2) Jute machinery

(3) Rayon machinery

(4) Sugar machinery

(5) Tea machinery

(6) Mining machinery

(7) Metallurgical machinery

(8) Cement machinery

(9) Chemical machinery

(10) Pharmaceutical machinery

(11) Paper machinery.

B. *General items of machinery used in several industries, such as, the equipment required for various "unit processes" :*

(1) Size reduction equipment – crushers, ball mills and the like

(2) Conveying equipment – bucket elevators, skip hoist, cranes, derrick and the like

(3) Size separation units – screens, classifiers and the like

(4) Mixers and reactors – kneading mills, turbo mixers and the like

(5) Filtration equipment – filter presses, rotary filters and the like

(6) Centrifugal machine

(7) Evaporators

(8) Distillation equipment

(9) Crystallisers

(10) Driers

(11) Power-driven pumps – reciprocating, centrifugal and the like

(12) Air and gas compressors and vacuum pipes (excluding electrical furnaces)

(13) Refrigeration plants for industrial use

(14) Fire-fighting equipment and appliances including fire engines.

C. *Other items of Industrial Machinery :*

(1) Ball, roller and tapered bearings

(2) Speed reduction units

(3) Grinding wheels and abrasives.

## 9. Machine Tools

Machine Tools.

## 10. Agricultural Machinery

(1) Tractors, harvestors and the like

(2) Agricultural implements.

**11. Earth-Moving Machinery**

Bulldozers, dumpers, scrapers, loaders, shovels, drag lines, bucket wheel excavators, road rollers and the like.

**12. Miscellaneous Mechanical and Engineering Industries**

- (1) Plastic moulded goods
- (2) Hand tools, small tools and the like
- (3) Razor blades
- (4) Pressure cookers
- (5) Cutlery
- (6) Steel furniture.

**13. Commercial, Office and Household Equipment**

- (1) Typewriters
- (2) Calculating machines
- (3) Air conditioners and refrigerators
- (4) Vacuum cleaners
- (5) Sewing and knitting machines
- (6) Hurricane lanterns.

**14. Medical and Surgical Appliances**

Surgical instruments – sterilizers, incubators and the like.

**15. Industrial Instruments**

- (1) Water meters, steam meters, electricity meters and the like
- (2) Indicating, recording and regulating devices for pressure, temperature, rate of flow, weights, levels and the like
- (3) Weighing machines.

**16. Scientific Instruments**

Scientific instruments.

**17. Mathematical, Surveying and Drawing Instruments**

Mathematical, surveying and drawing instruments.

**18. Fertilisers**

- (1) Inorganic fertilisers
- (2) Organic fertilisers
- (3) Mixed fertilisers.

**19. Chemicals (other than Fertilisers)**

- (1) Inorganic heavy chemicals
- (2) Organic heavy chemicals
- (3) Fine chemicals including photographic chemicals
- (4) Synthetic resins and plastics
- (5) Paints, varnishes and enamels
- (6) Synthetic rubbers
- (7) Man-made fibres including regenerated cellulose-rayon, nylon and the like
- (8) Coke oven by-products
- (9) Coal-tar distillation products like naphthalene, anthracene and the like
- (10) Explosives including gunpowder and safety fuses
- (11) Insecticides, fungicides, weedicides and the like
- (12) Textile auxiliaries
- (13) Sizing materials including starch
- (14) Miscellaneous chemicals.

**20. Photographic Raw Film and Paper**

- (1) Cinema film
- (2) Photographic amateur film
- (3) Photographic printing paper.

**21. Dye-Stuffs**

Dye-stuffs.

**22. Drugs and Pharmaceuticals**

Drugs and Pharmaceuticals.

**23. Textiles (including those Dyed, Printed or otherwise processed)**

- (1) Made wholly or in part of cotton, including cotton yarn, hosiery and rope

- (2) Made wholly or in part of jute, including jute twine and rope
- (3) Made wholly or in part of wool, including wool tops, woolen yarn, hosiery, carpets and druggets
- (4) Made wholly or in part of silk, including silk yarn and hosiery
- (5) Made wholly or in part of synthetic, artificial (man-made) fibres, including yarn and hosiery of such fibres.

**24. Paper and Pulp including Paper Products**

- (1) Paper – writing, printing and wrapping
- (2) Newspaper
- (3) Paper board and straw board
- (4) Paper for packaging (corrugated paper, kraft paper), bags, paper containers and the like
- (5) Pulp – wood pulp, mechanical, chemical, including dissolving pulp.

**25. Sugar**

Sugar.

**26. Fermentation Industries**

- (1) Alcohol
- (2) Other products of fermentation industries.

**27. Food Processing Industries**

- (1) Canned fruits and fruit products
- (2) Milk foods
- (3) Malted foods
- (4) Flour
- (5) Other processed foods.

**28. Vegetable Oils and Vanaspati**

- (1) Vegetable oils, including solvent extracted oils
- (2) Vanaspati.

**29. Soaps, Cosmetics and Toilet Preparations**

- (1) Soaps

- (2) Glycerine
- (3) Cosmetics
- (4) Perfumery
- (5) Toiler preparations.

**30. Rubber Goods**

- (1) Tyres and tubes
- (2) Surgical and medical products including prophylactics
- (3) Footwear
- (4) Other rubber goods.

**31. Leather, Leather Goods and Pickers**

Leather, leather goods and pickers.

**32. Glue and Gelatin**

Glue and gelatin.

**33. Glass**

- (1) Hollow ware
- (2) Sheet and plate glass
- (3) Optical glass
- (4) Glass wool
- (5) Laboratory ware
- (6) Miscellaneous ware.

**34. Ceramics**

- (1) Fire bricks
- (2) Refractories
- (3) Furnace lining bricks – acidic, basic and neutral
- (4) China ware and pottery
- (5) Sanitary ware
- (6) Insulators
- (7) Tiles
- (8) Graphite Crucibles.

**35. Cement and Gypsum Products**

- (1) Portland cement

- (2) Asbestos cement
- (3) Insulating boards
- (4) Gypsum boards, wall boards and the like.

**36. Timber Products**

- (1) Plywood
- (2) Hardboard, including fibre-board, chip-board and the like
- (3) Matches
- (4) Miscellaneous (furniture components, bobbins, shutters and the like).

**37. Defence Industries**

Arms and ammunition.

**38. Miscellaneous Industries**

- (1) Cigarettes
- (2) Linoleums, whether felt based or jute based
- (3) Zip fasteners (metallic and non-metallic)
- (4) Oil Stoves
- (5) Printing, including litho-printing industry.

*Explanation 1.* – The articles specified under each of the headings Nos.3, 4, 5, 6, 7, 8, 10, 11 and 13 shall include their component parts and accessories.

*Explanation 2.* – The articles specified under each of the headings Nos.18, 19, 21 and 22 shall include the intermediates required for their manufacture.

**List of Activities Classified as “Services” by WTO/GATT**

**1. Business Services**

**A. Professional Services**

- (a) Legal services
- (b) Accounting, auditing and book-keeping services
- (c) Taxation services
- (d) Architectural services
- (e) Engineering services
- (f) Integrated engineering services
- (g) Urban planning and landscape architectural services
- (h) Medical and dental services
- (i) Veterinary services
- (j) Services provided by midwives, nurses, physiotherapists and paramedical personnel
- (k) Other

**B. Computer and Related Services**

- (a) Consultancy services related to the installation of computer hardware
- (b) Software implementation services
- (c) Data processing services
- (d) Data base services
- (e) Other

**C. Research and Development Services**

- (a) R&D services on natural sciences
- (b) R&D services on social sciences and humanities
- (c) Interdisciplinary R&D services

**D. Real Estate Services**

- (a) Involving own or leased property
- (b) On a fee or contract basis

**E. Rental/Leasing Services without Operators**

- (a) Relating to ships
- (b) Relating to aircraft
- (c) Relating to other transport equipment
- (d) Relating to other machinery and equipment
- (e) Other

**F. Other Business Services**

- (a) Advertising services
- (b) Market research and public opinion polling services
- (c) Management consulting services
- (d) Services related to man consulting
- (e) Technical testing and analysis services
- (f) Services incidental to agriculture, hunting and forestry
- (g) Services incidental to fishing
- (h) Services incidental to mining
- (i) Services incidental to manufacturing (except for 88442)
- (j) Services incidental to energy distribution
- (k) Placement and supply services of personnel
- (l) Investigation and security
- (m) Related scientific and technical consulting services
- (n) Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment)
- (o) Building-cleaning services

- (p) Photographic services
- (q) Packaging services
- (r) Printing, publishing
- (s) Convention services
- (t) Other

- (c) Radio and television services
- (d) Radio and television transmission services
- (e) Sound recording
- (f) Other

## **2. Communication Services**

### **A. Postal Services**

### **B. Courier Services**

### **C. Telecommunication Services**

- (a) Voice telephone services
- (b) Packet-switched data transmission services
- (c) Circuit-switched data transmission services
- (d) Telex services
- (e) Telegraph services
- (f) Facsimile services
- (g) Private leased circuit services
- (h) Electronic mail
- (i) Voice mail
- (j) On-line information and data base retrieval
- (k) Electronic Data Interchange (EDI)
- (l) Enhanced/value-added facsimile services, including store and forward, store and retrieve
- (m) Code and protocol conversion
- (n) On-line information and/or data processing (including transaction processing)
- (o) Other

### **D. Audio-visual Services**

- (a) Motion picture and video tape production and distribution services
- (b) Motion picture projection services

## **3. Construction and Related Engineering Services**

### **A. General Construction Work for Buildings**

### **B. General Construction Work for Civil Engineering**

### **C. Installation and Assembly Work**

### **D. Building Completion and Finishing Work**

### **E. Other**

## **4. Distribution Services**

### **A. Commission Agents' Services**

### **B. Wholesale Trade Services**

### **C. Retailing Services**

### **D. Franchising**

### **E. Other**

## **5. Educational Services**

### **A. Primary Education Services**

### **B. Secondary Education Services**

### **C. Higher Education Services**

### **D. Adult Education**

### **E. Other Education Services**

## **6. Environmental Services**

### **A. Sewage Services**

### **B. Refuse Disposal Services**

### **C. Sanitation and Similar Services**

### **D. Other**

## **7. Financial Services**

### **A. All Insurance and Insurance-related Services**

- (a) Life, accident and health insurance services
- (b) Non-life insurance services
- (c) Reinsurance and retrocession
- (d) Services auxiliary to insurance (including broking and agency services)

### **B. Banking and Other Financial Services (excluding insurance)**

- (a) Acceptance of deposits and other repayable funds from the public
- (b) Lending of all types, including inter alia, consumer credit, mortgage credit, factoring and financing of commercial transaction
- (c) Financial leasing
- (d) All payment and money transmission services
- (e) Guarantees and commitments
- (f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following :
  - money market instruments (cheques, bills, certificate of deposits, etc.)
  - foreign exchange
  - derivative products, including but not limited to, futures and options
  - exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc.
  - transferable securities
  - other negotiable instruments and financial assets, including bullion
- (g) Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of service related to such issues

- (h) Money broking
- (i) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services
- (j) Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments
- (k) Advisory and other auxiliary financial services on all the activities listed in Article IB of MTN.TNC/ W/50, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy
- (l) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services

### **C. Other**

## **8. Health Related and Social Services**

### **A. Hospital Services**

### **B. Other Human Health Services**

### **C. Social Services**

### **D. Other**

## **9. Tourism and Travel Related Services**

### **A. Hotels and Restaurants (including catering)**

### **B. Travel Agencies and Tour Operators Services**

### **C. Tourist Guides Services**

### **D. Other**

## **10. Recreational, Cultural and Sporting Services (other than audio-visual services)**

### **A. Entertainment Services (including theatre, live bands and circus services)**

### **B. News Agency Services**

**C. Libraries, Archives, Museums and Other Cultural Services**

**D. Sporting and Other Recreational Services**

**E. Other**

## **11. Transport Services**

**A. Maritime Transport Services**

- (a) Passenger transportation
- (b) Freight transportation
- (c) Rental of vessels with crew
- (d) Maintenance and repair of vessels
- (e) Pushing and towing services
- (f) Supporting services for maritime transport

**B. Internal Waterways Transport**

- (a) Passenger transportation
- (b) Freight transportation
- (c) Rental of vessels with crew
- (d) Maintenance and repair of vessels
- (e) Pushing and towing services
- (f) Supporting services for internal waterway transport

**C. Air Transport Services**

- (a) Passenger transportation
- (b) Freight transportation
- (c) Rental of aircraft with crew
- (d) Maintenance and repair of aircraft
- (e) Supporting services for air transport

**D. Space Transport**

**E. Rail Transport Services**

- (a) Passenger transportation
- (b) Freight transportation
- (c) Pushing and towing services
- (d) Maintenance and repair of rail transport equipment
- (e) Supporting services for rail transport services

**F. Road Transport Services**

- (a) Passenger transportation
- (b) Freight transportation
- (c) Rental of commercial vehicles with operator
- (d) Maintenance and repair of road transport equipment
- (e) Supporting services for road transport services

**G. Pipeline Transport**

- (a) Transportation of fuels
- (b) Transportation of other goods

**H. Services auxiliary to all modes of transport**

- (a) Cargo-handling services
- (b) Storage and warehouse services
- (c) Freight transport agency services
- (d) Other

**I. Other Transport Services**