

# Provision of Urban Amenities in Rural Areas (PURA)

**Ministry of Rural Development  
Government of India**

## Vision of PURA

President Dr. A.P.J. Kalam's address on eve of Republic Day - 2003



### “Knowledge Powered PURA

- Vision of transformation to a ‘developed’ India can only be realized if we launch a mega mission for empowering the rural people
- Creation of physical, electronic and knowledge connectivities leading to economic connectivity in villages. Such a model of establishing a circular connectivity among the rural village complexes will accelerate rural development process by empowerment
- PURA to be a business proposition economically viable and managed by entrepreneurs, local people and small scale industrialists
- Government’s support should be in the form of empowering such management agencies, providing initial economic support and finding the right type of management structure and leaders to manage and maintain ”

# Pilot Phase

- Hon'ble Prime Minister announced implementation of PURA on Independence Day, 2003
- Planning Commission moved a Cabinet Note on PURA scheme and this was approved in-principle in January 2004
- A pilot phase was implemented from 2004-05 till 2006-07 with concurrence of Planning Commission and a total budget of Rs. 30 crore
- Cabinet gave ex post-facto approval to pilot phase in March 2006
- Rs.4 - 5 crore per cluster (over a period of 3 years) in 7 clusters in 7 States to provide connectivities: transport, power, electronic, knowledge, market and provision of drinking water and health facilities

# Experience of Pilot Projects

- No business plan. Conventional mode of scheme delivery. No participation of private partners
- Largely infrastructure centric without factoring lead economic activities
- Criteria for project site selection did not factor growth potential
- No ownership at State level
- Lack of institutional structure with dedicated professional support
- No convergence with other schemes of rural development or other Departments

After appraising the pilot phase, Planning Commission advised in 2007 that PURA may be re-designed as a demand-driven programme through Public Private Partnership (PPP) mode

# NIRD Study on the Pilot Projects

## Independent evaluation by National Institute of Rural Development:

- Convergence with on-going schemes was found missing
- Highlighted need for consultation with wide spectrum of stakeholders for community and private sector participation
- Suggested taking up PURA near a growth centre
- Recommended inclusion of livelihoods aspects besides creation of connectivities
- Plan should include efforts to improve linkages for improving all-round productivity across sectors in the rural cluster
- **Recommended restructuring of the scheme**

# Restructuring Process

- Planning Commission suggested that financial outlay for a cluster may be to the tune of Rs. 70-80 crore and recommended that MoRD may obtain technical assistance from international agencies such as ADB, IFC, etc
- Extensive consultations undertaken by MoRD with Planning Commission, Line Ministries, State Governments, Private Sector, Chambers of Commerce, etc during 2007-09
- Planning Commission approved a budget of Rs. 248 crore in the XI Plan for PURA scheme
- Restructured scheme proposal was circulated to different Ministries and their views incorporated in preparing Cabinet Note
- Cabinet approved restructured PURA scheme in January 2010
- Guidelines notified and scheme launched in April 2010

# The Restructured PURA Scheme

# PURA Mission Statement



## Mission

*“Holistic and accelerated development of compact areas around a potential growth centre in a Panchayat (or group of Panchayats) through Public Private Partnership (PPP) by providing livelihood opportunities and urban amenities to improve the quality of life in rural areas.”*

# PURA Strategy & Uniqueness

- To address defects and incorporate new learnings, the strategy was based on combining rural infrastructure development with livelihoods creation
- Implementation of scheme through PPP between Gram Panchayat (GP) and private sector partner
- Core funding from PURA scheme of MoRD and additional support through convergence of other Central Government schemes
- Private sector to bring in investment and operational expertise on basis of a detailed business plan
- Project based. Risk sharing among stakeholders.
- It is not a CSR activity - Private sector partner to select its PURA project, and, earn from the same

# What does PURA aim to achieve



- Combining livelihoods creation with infrastructure development in rural areas
- Simultaneous delivery of key infrastructure required in villages
- Provision of funds for operations and maintenance of assets, along with capital investment for creation of assets
- Standards of service delivery in rural areas almost at par to those set for urban areas
- **Enforcement of service standards through a legally binding arrangement**

# Urban Amenities to be provided under PURA

- Under MoRD Schemes (Existing and PURA):

1. Water and Sewerage
2. Village streets
3. Drainage
4. Solid Waste Mgt
5. Skill Development
6. Development of Economic Activity

**Schemes such as NRDWP, TSC, Special SGSY, etc will be converged in CAPEX provision of PURA**

- Under Non MoRD Schemes:

7. Village Street Lighting
8. Telecom
9. Electricity, etc.

**Access schemes for dovetailing in PURA**

- Add-on Projects i.e. Revenue earning projects (Indicative):

10. Village linked Tourism
11. Integrated Rural Hub, Rural Market
12. Agri – Common Services Centre, etc .
13. Any other rural economy based project

# What is a PURA Village

- **A Gram Panchayat / a cluster of geographically contiguous Gram Panchayats with a population of about 25,000 – 40,000**
- **Water supply**
  - Piped water supply of 100 lpcd through individual household connections
  - Sustainability of water supply through water harvesting and water recharge activities
- **Sewerage**
  - 100% sanitation coverage, with provision of sewerage connections to individual households
- **Solid waste management**
  - 100% coverage of SWM services to individual households
  - Scientific treatment of solid waste
- **Village streets and drainage**
  - 100% of village streets paved along with storm water drains, to cover entire rural populace
  - 100% of village streets to have street lighting
- **Increase in livelihood opportunities**
  - Skills building program to cover 50% of candidates in BPL households
  - Assure placement for at least 75% of the trainees

# Business Model



- Leveraging public funds with private capital & management for creation & maintenance of rural infrastructure
- Schemes included are ones focused on community development and not targeted towards individuals
- **O&M of assets and services for 10 years after a construction period of 3 years**
- Private Developer to have flexibility in choosing PURA project area & revenue generating projects as add-ons

# Financial Model



- Due to thin revenue base, most capital expenditure from Government schemes
- Cost of each PURA project limited to Rs. 120 crore
- **Capital Grant limited to 35% of project cost for meeting viability gap – the PURA scheme fund of Rs. 248 crore is towards this grant**
- 12% returns on investment budgeted as part of financial model (as per norms of Planning Commission)

# Project Agreements

## Concession Agreement

- Between Gram Panchayat and Private Developer. Gram Panchayat would sanction the Private Developer to undertake development of infrastructure as its authorised agent
- Will include minimum service level standards, performance guarantees, etc

## State Support Agreement

- Tripartite Agreement between Central Govt, State Govt and Private Developer
- State Govt. commitment for core facilities like roads, water and power to the PURA area

## Independent Engineer

- To supervise and monitor performance during project life cycle
- Cost of Independent Engineer financed under PURA scheme

# Selection Process...1

- Through open competitive 2-stage bidding process
- Expression of Interest from private sector entities experienced in community-oriented infrastructure projects and having
  - Minimum net worth of Rs. 25 crore
  - Experience of developing infrastructure projects with a cumulative value of at least Rs. 50 crore
- Short listed bidders invited to pre-bid conference and issued the Request for Proposal (RfP) document
- Each bidder required to submit consent from the Gram Panchayat(s) and State Government(s) concerned
- Short listed bidders invited to submit bids consisting of their experience and concept plans
- No financial bidding

# Selection Process...2

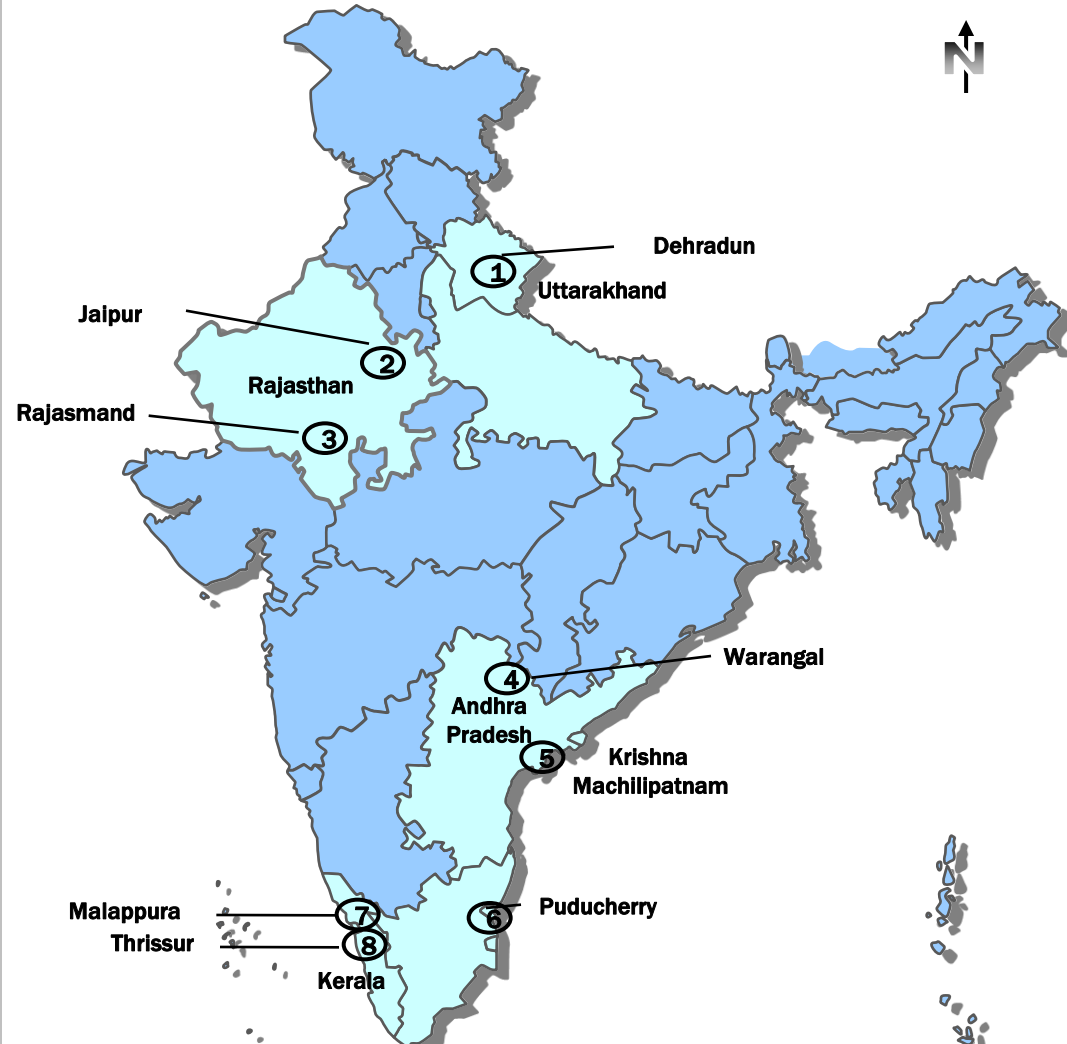
- Evaluation of Concept Plans on parameters of innovativeness, inclusivity, sustainability, convergence, etc
- Evaluation of organisation's experience focussed on:
  - Understanding of rural sector and demonstrated experience of working in the same
  - Ability and resources to engage with stakeholders to create a sustainable project
  - Experience in development/construction and management of community-oriented infrastructure projects
  - Ability to raise finances
- Bidders to be ranked on basis of (experience score + concept plan score) – Bidder has to score at least 50% on the concept plan score
- Detailed Project Report (DPR) as the basis of determining capital grant admissible which shall be evaluated by technical consultants
- Inter-Ministerial Empowered Committee to approve cost and capital grant

# Current Status

- Notice inviting Expression of Interest evoked positive response with 93 reputed organisations applying out of which 45 qualified
- Request for Proposal (RfP) issued to qualified organisations for submitting detailed bid - 09 organisations submitted 14 proposals
- 11 projects were qualified on the basis of a rigorous evaluation and appraisal
- GoTN decided to withdraw consent and GoUP consent was not received
- 08 DPRs (projects located in 04 States and 1 U.T.) were received which are now under evaluation – expected to be completed by September 2011
- Execution of agreements and project execution to commence thereafter

# Qualified PURA projects: Across 8 districts in the country

1. Dehradun district, Uttarakhand;
2. Jaipur district, Rajasthan;
3. Rajsamand district, Rajasthan;
4. Warangal district, Andhra Pradesh;
5. Krishna district, Andhra Pradesh;
6. Karaikal district, Puducherry;
7. Malappuram district, Kerala;
8. Thrissur district, Kerala.



## Major themes

- Rural tourism
- Food / Meat processing
- Apparel Park

- Agriculture Park / Support
- Micro & Small Industries
- Rural Business Hub

# Future Planning...1



## Under XI Plan

- XI Plan provision of Rs. 248 crore allows for only 06-08 projects
- With a view to increasing the bouquet of pilot projects and to glean experience from a wider sample of States, MoRD proposes further 10 PURA pilot projects under XI Plan
- Wide interest and commitment evinced by number of stakeholders including elected representatives for more PURA projects
- Proposal to Planning Commission for enhancing budget ceiling by Rs. 560 crore under XI Plan – advanced stage of consideration

# Future Planning...2



## Under XII Plan

- The pilot projects will provide a framework for testing the principles on which the scheme is based. This will help in upscaling the scheme in future
- Scaling up after experience of pilot phase during XII Plan
- It is proposed to engage an Indian Institute of Management (IIM) which will do a concurrent evaluation of the PURA implementation for a period of 1 year and assist MoRD in preparing its proposal under the XII Plan. The evaluation would also enable improvements to the current project design

**Thank You**