

**GOVERNMENT OF INDIA  
URBAN DEVELOPMENT  
LOK SABHA**

UNSTARRED QUESTION NO:2936

ANSWERED ON:22.03.2005

FUNDS FOR URBAN WATER SUPPLY AND SEWAGE DISPOSAL SCHEMES

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**Will the Minister of URBAN DEVELOPMENT be pleased to state:**

- (a) the efforts being made by the Government to mobilize adequate funds so as to implement urban water supply and sewage disposal schemes;
- (b) whether the rules and procedure for providing loan by LIC, HUDCO and financial institutions for these schemes are being further liberalised; and
- (c) if so, the details thereof?

**Answer**

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF URBAN DEVELOPMENT (SHRI GHULAM NABIAZAD):

(a) There are two on-going Centrally Sponsored Schemes to provide grants to the State Governments/nodal agencies for urban water supply and sewage projects:

(i) Accelerated Urban Water Supply Programme (AUWSP) for water supply for small towns having population less than 20000 as per 1991/2001 Census.

(ii) Infrastructur Development in Mega Cities for Cities with a population of 40 lakhs and above (excluding Delhi) as per 1991 census for water supply and sewage projects. Apart from continuation of the on-going projects under the above mentioned schemes, efforts being made by Government to arrange sufficient funds for Water Supply and Sewerage Disposal Schemes include, inter-alia:

(i) Announcement made by the Finance Minister in the Budget Speech about an outlay of Rs. 5,500 crore for 2005-06 including a grant component of Rs. 1,650 crore for the National urban Renewal Mission to provide reform linked assistance for infrastructure development of select cities.

(ii) There is also a proposal to integrate the ongoing Centrally Sponsored Schemes under a comprehensive Urban Infrastructure Development Scheme for Small and Medium Towns. The details of the scheme have not been finalized.

(iii) Finance Minister has also announced a provision of Rs.1500 crore for `viability gap` funding for infrastructure projects. There is also a provision of Rs.600 crore in the budget of Ministry of Urban Development for Viability Gap Funding for Urban Infrastructure Projects for the year 2005-06.

(iv) Ministry of Urban Development also supports State Governments in seeking external assistance for Urban Water Supply Sanitation projects and recommends them to Department of Economic Affairs (Ministry of Finance) for taking up with multi-lateral/bi-lateral agencies.

(b) and (c) Rules procedures and other terms and conditions (including rate of interest) for grant of loans are decided by the Investment Committee and are reviewed every year in the beginning of the financial year in the cause of Life Insurance Corporation of India. HUDCO reviews and revises the Floating Base Rate in respect of all infrastructure project loans, as and when necessary.