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**STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(1998-99)**

TWELFTH LOK SABHA

MINISTRY OF URBAN AFFAIRS & EMPLOYMENT

**(DEPARTMENT OF URBAN EMPLOYMENT
& POVERTY ALLEVIATION)**

**DEMANDS FOR GRANTS
(1996-97)**

EIGHTH REPORT



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**LOK SABHA SECRETARIAT
NEW DELHI**

July, 1998/Shravana, 1920 (Saka)

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Standing Committee on Urban & Rural Development
(1998-99)

Corrigenda to Eighth Report (12th Lok Sabha)

<u>Page No.</u>	<u>Para No.</u>	<u>Line No.</u>	<u>for</u>	<u>Read</u>
(iv)	--	10 from top	Delete *31. Shri Ghulam Nabi Azad	--
(iv)	--	14 from top	Substitute Shri Jhumuklal Bhendia & Dr. M. N. Das <u>in lieu</u> of Shri V. Rajan Chellappa	--
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EIGHTH REPORT

STANDING COMMITTEE ON URBAN AND RURAL DEVELOPMENT (1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF URBAN AFFAIRS & EMPLOYMENT
(DEPARTMENT OF URBAN EMPLOYMENT
& POVERTY ALLEVIATION)

DEMANDS FOR GRANTS (1996-97)

*[Action taken by the Government on the recommendations contained
in the Second Report of the Standing Committee on Urban
& Rural Development (Eleventh Lok Sabha)]*

*Presented to Lok Sabha on 29th July 1998
Laid in Rajya Sabha on 29th July 1998*



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON
URBAN & RURAL DEVELOPMENT
(1998-99)

Shri Kishan Singh Sangwan — *Chairman*

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4. Dr. Shafiqur Rahman Barq
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*Nominated w.e.f. 11.6.98

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Rajya Sabha

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SECRETARIAT

- | | | |
|-------------------------|---|-----------------------------|
| 1. Shri G.C. Malhotra | — | <i>Additional Secretary</i> |
| 2. Shri S.C. Rastogi | — | <i>Director</i> |
| 3. Shri P.V.L.N. Murthy | — | <i>Assistant Director</i> |

*Resigned from the Committee *w.e.f.* 4th July, 1998.

**Ceased to be a member of the Committee consequent upon his retirement from Rajya Sabha on 29.6.98.

INTRODUCTION

I, the Chairman of Standing Committee on Urban & Rural Development (1998-99) having been authorised by the Committee to submit the Report on their behalf, present the Eighth Report on Action taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Urban & Rural Development (Eleventh Lok Sabha) on Demands for Grants (1996-97) of the Department of Urban Employment & Poverty Alleviation of the Ministry of Urban Affairs & Employment.

2. The Second Report was presented to Lok Sabha on 27th August, 1996. The replies of the Government to all the recommendations contained in the Report were received on 4th March, 1998.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 23rd July, 1998.

4. An analysis of the action taken by the Government on the recommendations contained in the Second Report of the Committee (Eleventh Lok Sabha) is given in Appendix-II.

NEW DELHI;
27 July, 1998
5 Shrivana, 1920 (Saka)

KISHAN SINGH SANGWAN,
Chairman,
Standing Committee on
Urban & Rural Development.

CHAPTER I

REPORT

This Report of the Standing Committee on Urban & Rural Development (1998-99) deals with the action taken by the Government on recommendations contained in their Second Report on Demands for Grants (1996-97) of the Department of Urban Employment & Poverty Alleviation of the Ministry of Urban Affairs & Employment which was presented to Lok Sabha on 27th August, 1996.

2. Action taken notes have been received from Government in respect of all the 18 recommendations which have been categorised as follows:—

- (i) Recommendations/Observations that have been accepted by the Government:—

Sl. Nos. 1.6, 1.13, 2.8, 2.10, 3.5, 3.10, 3.16, 3.17, 3.29, 4.8 and 4.9

- (ii) Recommendations/Observations which the Committee do not desire to pursue :

Sl. Nos. 2.7, 5.4, 6.5 and 6.7

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee :

Sl. Nos. 3.24, 3.34 and 3.41

- (iv) Recommendations/Observations in respect of which final replies of Government are still awaited:

Nil

3. The Committee are constrained to point out that though the action taken replies to the recommendations contained in their report are required to be furnished within a period of six months from the date of presentation of the report, in the instant case the Government took more than a year to furnish the action taken replies. This delay on the part of the Government detracts from the importance of the

recommendations of the Committee. They therefore, urge the Government to ensure that action taken replies to the recommendations made by them in their reports are furnished well within the stipulated time particularly when the report deals with the Demands for Grants.

4. The Committee are perturbed to note that the Government have replied in very general terms to their recommendations at Sl. Nos. 1.13, 3.5, 3.10, 3.16 and 6.7. The Committee take a serious view of this tendency on the part of the Ministry to furnish replies in such general terms. This becomes all the more serious when viewed in the context of the express directions of the Committee that the replies should not be incomplete/inconclusive/vague/or couched in general terms like 'noted' or 'accepted'. They, therefore, desire that the Ministry should take due care in future in this regard.

5. The Committee will now deal with the action taken by Government on some of the recommendations in the succeeding paragraphs.

A. High Powered Committee on Institutional Finance under NRY

Recommendation (Sl. No. 3.17)

6. The Committee noted that to overcome the problems related to functioning of banks, a High Powered Committee on institutional finance headed by secretary, UEPA was constituted with representative from banks, RBI, States etc. They recommended that this Committee may evolve a process whereby the number of beneficiaries is restricted so as to avoid rejections as also to ensure utilisation of the funds earmarked to a fuller extent resulting in attainment of the set physical & financial targets.

7. The Ministry in their reply stated that it is proposed to place the above recommendation of the Committee before the High Powered Committee for its consideration at its next Meeting.

8. The Committee note that the Government in their Action Taken Reply have stated that they propose to place the recommendation of the Committee regarding utilisation of funds under NRY before the High Powered Committee headed by Secretary, UEPA. The Committee however, regret to observe that the Government have omitted to mention in the reply as to when the matter will be placed before

the High Powered Committee and also when the said Committee was likely to meet. The reply is also silent about the response of the Ministry of Finance and RBI in the matter. The Committee would, therefore, like to be informed of the present status in this regard. They would also like that some timeframe should also be laid down within which the said Committee should furnish its report.

B. Sustainability of Enterprises under SUME

Recommendation (Sl. No. 3.24)

9. The Committee observed that under the Scheme of Urban Micro Enterprises (SUME), by and large the physical and financial targets of the VIIIth Plan have been met but the allocation of funds remained more or less stagnant over the last 2-3 years. They were distressed to observe that the criterion of an income of Rs. 11,850 p.a. for a beneficiary household under the scheme is not pragmatic and practicable. The Committee desired that Government should take up the matter of revision of this important criterion for extending benefits under the Scheme to realistic levels taking into account factors such as price indices etc. with the Planning Commission. The Ministry had reportedly commissioned a study to look into the qualitative aspects of the scheme including its existing monitoring mechanisms. They desired the Ministry to take steps to curtail if not eliminate under financing of projects by banks in future. The Committee strongly felt that to realize the objectives of the Scheme now in force, the quantum of monetary assistance given is not realistic. They, therefore, desired that the monetary assistance provided under the Scheme should be substantially stepped up so as to ensure qualitative performance of the Scheme i.e. to ensure sustained level of income to the beneficiary. It was also desired that the performance of the Scheme should not be judged quantitatively i.e. by counting the number of beneficiaries.

10. The Ministry in their reply stated that the view of the Committee has again been brought to the notice of the Planning Commission to revise the criterion of an income of Rs. 11,850 p.a. as poverty line which was fixed on the basis of 1991-92 prices in 1992.

A proposal for amendment of NRY guidelines is under consideration. EFC Memo has been circulated. The report of the study assigned to the Society for Development Studies (SDS), New Delhi is expected to be received by March, 1997.

The view of the Committee regarding under financing of Projects by banks has been brought to the notice of the Reserve Bank of India and Ministry of Finance at the level of Secretary and Minister.

11. The Committee while noting the reply of the Government that they have brought to the notice of the Planning Commission the need to revise the criterion of income limit for fixing poverty line, feel that the Government should have also furnished the reaction, if any, of the Planning Commission in this regard. They would, therefore, like to be apprised of the views of the Planning Commission in the matter.

The Committee hope that the Society for Development Studies, New Delhi, who were asked to conduct a study of SUME and whose report was expected to be furnished by March, 1997, might have submitted their report to the Government by now. They would like to be informed of the salient recommendations made in the study and also action taken/proposed to be taken by the Government in pursuance of the said study.

The Committee would also like to be apprised of the outcome of the efforts made by the Ministry regarding under-financing of projects (under SUME) by Banks.

C. Assets Created under SUWE

Recommendation (Sl. No. 3.29)

12. The Committee noted that under the Scheme of Wage Employment (SUWE), wage employment to urban poor beneficiaries is provided and socially & economically useful public assets like low cost water supply, pour flush, community latrines, drainage related earth works etc. are constructed. However, the Committee expressed regret to note that the Ministry has no information with it as to the number of different types of public assets so created by provision of the wage employment to urban poor. The Committee desired the Ministry to keep itself abreast of the details of the public assets constructed in different States as enormous amounts were being spent by Government year after year so as to have close monitoring of the progress of the scheme and ensure that assets created are commensurate with the amounts spent and apprise the details of such assets created under the programme during the VIIIth Plan period.

13. The Ministry in its reply stated that the MIS proforma prescribed by this Department for obtaining reports on NRY from States/UTs has a table for reporting details of assets created under SUWE. However, the States do not report details in this table. The view of the Committee has been brought to the notice of the States/UTs for reporting full year-wise details of public assets created under SUWE.

14. It is disquieting to note that through the MIS proforma prescribed by the Department provides for a table for reporting details of assets created under SUWE in States/UTs, the Ministry admits *its* failure to get the requisite information from States. Also, the reply is silent with regard to the response of the States to the Committee's observations which the Ministry had brought to their notice for reporting year-wise details of the Public assets created under SUWE. The Committee, therefore, desire the Ministry to update *itself* so as to monitor the progress made under SUWE.

D. Unsatisfactory implementation of Housing & Shelter Upgradation Scheme (SHASU)

Recommendation (Sl. No. 3.34)

15. The Committee noted that under Housing & Shelter Upgradation Scheme (SHASU), the third component of NRY, the performance had been far below the targets set for the VIIIth Plan. According to the Ministry, the reasons for lack of participation of the beneficiaries to the desired extent was that SHASU is not an income generating scheme and States hesitated to furnish guarantees on behalf of ULBs for fear of non-recovery of the sums advance for the purpose of Housing & Shelter Upgradation. The Committee were constrained to observe that only Rs. 19.64 crores (principal amount) had so far been recovered out of Rs. 87.19 crores advanced by HUDCO under the scheme. The Committee desired that for effective implementation of the scheme, participation of people's Representatives be made more wider (as on the lines of DRDAs in respect of IRDP) in the entire process from formulation of schemes to their implementation and review.

16. The Ministry have stated in the reply that the view of the Committee regarding unsatisfactory implementation of the Scheme of Housing & Shelter Upgradation (SHASU) has been brought to the

notice of all States/UTs requesting them to gear up the implementation of the scheme by inducting all MPs/MLAs of a District, two SC/ST and one woman representative as members of the nodal agency for implementation of SHASU.

17. The Committee are not satisfied with the reply furnished by the Government. In their Report, the Committee had observed that since the Scheme lacked participation of beneficiaries, for effective implementation participation of beneficiaries and people's representatives be made wider. The Government's reply is incomplete as it does not mention the steps taken/proposed to be taken by the Government for increasing the participation of beneficiaries and satisfactory implementation of the Schemem. Also, the status/extent to which States have been able to induct people's representatives, women and SC/ST representatives in the nodal agencies for implementation of SHASU has not been reported in the reply. It is needless to emphasise here again that mere bringing to notice of the State Governments/UTs the Committee's views/observations/recommendations would not suffice. The Committee expect the Ministry to invariably get the feedback on their recommendations and report the same to them in future.

E. PM's Integrated Urban Poverty Eradication Programme (PM's IUPEP)

Recommendation (Sl. No. 3.41)

18. The Committee were distressed to note that though the Prime Minister's Integrated Urban Poverty Eradication Programme (PM's IUPEP) was announced by the Prime Minister on 15th August, 1994 the programme was formally launched only in November 1995. The Committee were at a loss to understand the reasons for the inordinate delay of over one year in formally implementing the programme by the Ministry. The Committee took a serious view of this and expected that whenever such schemes/programmes are made public, in future, necessary steps to implement the same be taken within a period of three months at the most.

The programme was of recent origin, envisaging an outlay of Rs. 800 crores for a period of 5 years *viz.* 1995-2000 and aimed to address the problems of Urban Poverty with a four pronged and long term strategy. The Committee liked to be apprised of the progress

made under the scheme from time to time and the evaluations made by the Ministry, as huge allocations are envisaged for each year in the range of Rs. 100-200 crores.

19. The Ministry in their action taken reply stated that consequent upon the announcement of the PMIUPEP by the Prime Minister on 15th August 1994, the detailed Scheme was worked out, the views of different State Governments were sought, Prime Minister's Office, Planning Commission, Ministry of Finance and other Central Government Deptts. were consulted before taking up the Scheme for approval by the Expenditure Finance Committee and the CCEA. As such, there was no delay on the part of this Deptt.

The Standing Committee would be kept informed of the progress made under the PMIUPEP from time to time, as desired.

20. The Committee are not satisfied with the reply of the Government. The contention of the Ministry that the detailed scheme was worked out, views of State Government obtained, consultation with PMO, Planning Commission, Ministry of Finance etc. and approval by EFC and CCEA were taken consequent to the announcement of the programme by the PM is untenable. The Committee also do not agree with the Ministry's view that there was not delay on their part. They feel that had the steps listed in the Government's reply, been taken prior to the announcement by the PM the same would not have contributed to the delay of more than a year in commencement of the programme. They, therefore, reiterate their recommendation that whenever such new schemes/programmes are announced by high dignitaries the necessary steps be taken to implement the same within a period of three months of the date of announcement.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Para No. 1.6)

The Committee note that after the reorganization of the erstwhile Ministry of Urban Development, the Department of Urban Employment and Poverty Alleviation was created in March 1995. The Department is responsible for implementation of specific Urban Employment Schemes like NRY, PM's IUPEP etc. The Ministry was bifurcated with a view to give sharper focus and attention to employment generating activities connected with shelter development in urban areas. The Committee are of the view that though the department is of recent origin, the Urban Poverty Alleviation Programmes were being implemented by it since long, hence it is imperative on the part of the department to continue giving sharper focus and implement various Programmes in an earnest way in future too as it is proposed to give higher priority to these programmes in the IX Plan also.

Reply of the Government

The view of the Standing Committee has been noted for compliance.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/
MIS-UPA dated 4-3-98]

Recommendation (Para No. 1.13)

From the broad analysis of the budgetary provisions for 1996-97 of the Department, it is observed that in comparison to Rs. 220.70 crores in 1995-96, the allocation made for 1996-97 at Rs. 219.24 crores (both Plan and Non-Plan) has actually declined by about Rs. 1.50 crores. The allocation in the Capital Section declined by Rs. 2.50 crores, from Rs. 23 crores in 1995-96 to Rs. 21 crores in 1996-97, while the allocation in Revenue Section increased by about Rs. 1 crore only, from Rs. 197.20 crores in 1995-96 to Rs. 198.20 crores in 1996-97. Furthermore, the

allocations in respect of major Poverty Alleviation Schemes also remained at the level of 1995-96. The Committee, therefore, can only conclude that whatever the marginal rise in the allocations for 1996-97 in the Revenue Section must only be on the Secretariat General Services *viz.* increased in salaries and allowances etc. on an estimated staff strength of 87 personnel only.

The Committee are perturbed to note that while on one hand the Department aims to give sharper focus to the employment generating activities, on the other hand the allocations in 1996-97 are virtually stagnating at the 1994-95 or 1995-96 levels in respect of most of the Urban Poverty Alleviation Programmes. The Committee therefore, desire that allocations must be increased substantially in the coming years in respect of various Urban Poverty Eradication Programmes, if the Govt. desires earnestly to eradicate the urban poverty in a substantial way.

Reply of the Government

The observation of the Committee has been brought to the notice of Planning Commission.

[Ministry of Urban Affairs and Employment (Department of Urban
Employment and Poverty Alleviation) O.M. No. H-11025/3/98/
MIS-UPA dated 4-3-98]

Recommendation (Para No. 2.8)

Further, the Committee note that shortcomings observed in the Night Shelter and Sanitation Facilities Scheme for footpath dwellers are sought to be removed after adding some remunerative component to the guidelines which were modified in 1992. The Committee find that the participation of the NGOs in the scheme is very negligible. They therefore desire that the guidelines may be reformulated at the earliest and coverage of the scheme expanded and active participation of the NGOs and voluntary agencies be ensured to make the scheme a success. The Committee also desire that in this context selection of NGOs be based on their past performance in with regard to utilisation of funds etc. They would like to be apprised of the steps taken by the govt. in this regard at an early date.

The Committee are constrained to observe that in respect of UBSP the outlays proposed for 8th Plan of Rs. 100 crores have not been fully allocated though the scheme is likely to attain the physical targets

set forth, whereas in respect of NRY, funds to the extent of Rs. 121 crores (including the allocation of Rs. 71 crores for 1996-97) have been released in excess of the original outlay of Rs. 227 crores for the 8th Plan, though the performance under one of components viz. SHASU is not upto the desired level. The Committee need hardly emphasise that funds be earmarked to the extent of outlay envisaged in the Five Year Plans and excess/shortfall in allocations of funds for various schemes be commensurate with the achievements/shortfalls in respective schemes.

Reply of the Government

The guidelines modified in 1992 envisages that the projects under the scheme will be formulated, constructed and operated by the Municipal bodies or agencies designated by State Govts. or Municipal Corporations. Apart from the state or local agencies the private agencies including voluntary organisations recommended or concurred in with the State Govt. or its agencies would be associated with the implementation and management of the schemes. Thus the recommendations of the Committee for involving NGOs with good track record in implementation of the scheme has already been taken care of in the guidelines. However, the recommendation of the Committee will be reiterated to the implementing agencies.

NEHRU ROZGAR YOJANA

The Planning Commission had tentatively allocated an amount of Rs. 227 crores for implementation of the Nehru Rozgar Yojana for the VIII Five Year Plan against the Project of Rs. 1500 crores. However, the Commission actually released a sum of Rs. 71 crores for the first year of the 8th Plan, i.e., 1992-93 which was more than the average amount per year as per the allocations of Rs. 227 crores. Subsequently, the Commission released the amount for the other years of the Plan on year to year basis. As far as performance under SHASU is concerned, the performance as a whole is not satisfactory primarily due to the fact that some of the States/UTs are not able to provide Government/block guarantee against loan obtained under the scheme because the beneficiaries are mostly the ones occupying Govt./Private land and recovery of loan is difficult as the scheme is not an income generating scheme. However, for better utilisation of available funds under the scheme, Empowered Committee on SHASU has decided that HUDCO, through whom the Central Subsidy is routed to States,

may divert funds remaining unspent for two years or more in respect of lesser performing States to better performing ones who submit additional scheme in this regard.

URBAN BASIC SERVICES FOR THE POOR

The observation of the Committee has been brought to the notice of the Planning Commission.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98
MIS-UPA dated 4-3-98]

Recommendation (Para No. 2.10)

The Committee note that the Ministry have taken certain steps towards advance planning in preparation for the 9th Five Year Plan in respect of housing, urban poverty schemes etc. It is observed that Govt. constituted a working group on housing and intends to remove the estimated backlog in urban housing estimated at 7.57 million dwelling units as on 1997 and also provide for new construction of 8.87 million pucca and upgradation of 0.32 million semipucca dwelling units is targeted for 9th Five Year Plan. To attend this an outlay of Rs. 121,371 crores for 9th Five Year Plan is projected. Similarly, it is proposed to continue the UBSP scheme with extended coverage with sufficiently higher allocations. Further, the sub-schemes of NRY too are to be contained in 9th Five Year Plan with certain changes to make them more acceptable to beneficiaries as well as raise the level of per capita expenditure of subsidy/training to the level of funding of schemes like Prime Minister's Rozgar Yojana (PMRY)/Prime Minister's Integrated Urban Poverty Eradication programme (PM's IUPEP).

The PM's IUPEP scheme launched in November, 1995 with an outlay of Rs. 800 crores for period of five years viz. 1995-2000 is also to be continued in the next plan period. The Committee feel it was laudable on the part of the Ministry to have constituted a working group on housing for 9th Five Year Plan, but they are constrained to note that similar Working Groups should have been formed to look into the level of performances, the drawbacks and other related aspects of the different schemes of urban poverty viz. UBSP, NRY etc. so as

to give a sharper focus to the urban poverty eradication programmes in the 9th Plan for which the Ministry was bifurcated about a year ago, as also the fact that these programme are continuing since 2-3 successive Five Year Plans. The Committee desires that the probable financial requirements in respect of UBSP, NRY etc. also may be arrived at well in advance of the finalisation of outlays by Planning Commission for 9th Five Year Plan for this sector. They would like to be apprised of the steps taken in this regard.

Reply of the Government

The projected requirement of Rs. 121.371 crores during the 9th Plan period would have to come from public, private and individual sectors. The formal sector outlay comprises central and state budgetary support, public sector financial institutions and HFIs. As per 9th Plan Working Group's projection the formal sector mobilisation during the entire 9th Plan period will be of the order of Rs. 34000 crores for Urban Housing. This Ministry has proposed an amount of Rs. 1140.25 crores for the ongoing and new schemes in the Central Sector for the 9th Plan. The 9th Five Year Plan has not been finalised so far. However, for annual plan 1997-98, an amount of Rs. 122 crores have been provided by the Planning Commission for these schemes.

NEHRU ROZGAR YOJANA

A proposal for amendment of NRY guidelines to bring the subsidy and loan ceilings under self employment and shelter upgradation components on par with those of PMRY/PMIUPEP is still under consideration of Central Govt.

It is intimated that the Planning Commission had also set up a working group on Urban Poverty Alleviation Programmes in 9th Five Year Plan under the Chairmanship of Secretary (UEPA). This Committee has already submitted its report to the Planning Commission on 1st August, 1996. This Ministry has projected an demand of Rs. 4000 crores for implementation of Nehru Rozgar Yojana during the 9th Five Year Plan (1997-2002) and intimated the same to the Planning Commission.

URBAN BASIC SERVICES FOR THE POOR

It is intimated that the Planning Commission had also set up a Working Group on Urban Poverty Alleviation Programmes in 9th Five Year Plan, under the Chairmanship of Secretary (UEPA). This

Committee has already submitted its report to the Planning Commission on 1st August, 1996. Incidentally, the Scheme of UBSP was launched during 1990-91.

The Standing Committee's observation regarding probable financial requirements for 9th Five Year Plan has been noted for compliance.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/MIS-UPA dated 4-3-98]

Recommendation (Para No. 3.5)

The Committee regret to note that the estimates of urban poor living below poverty line are varying between NSSO 43rd round and the Lakadwala Committee Report. The incidence of urban poor at 40% is alarmingly higher than both rural and all India incidence of poverty at 39%. The problem of urban poverty, therefore, is definitely an area of grave concern and the Committee desire that steps should be taken to raise the funds to the desired level on a continuous basis.

Reply of the Government

The Committee's observation has been brought to the notice of the Planning Commission.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/MIS-UPA dated 4-3-98]

Recommendation (Para No. 3.10)

The Committee are dismayed to note that against an outlay of Rs. 100 crores made for the UBSP Scheme for the VIIIth Plan only Rs. 82.75 crores were made available. The Planning Commission itself did not make available funds to the full extent of Rs. 100 crores, thereby, leaving a shortfall of Rs. 17.25 crores inspite of the fact that 65 lakh beneficiaries in 301 towns have been covered upto 31.3.1996. The Committee, therefore, desire that the future funds be made available to the schemes which are performing well so that targets set could be attained and the desired objectives of the schemes are realised.

Reply of the Government

The Committee's observation has been brought to the notice of the Planning Commission.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/ MIS-UPA dated 4-3-98]

Recommendation (Para No. 3.16)

The Committee are distressed to find that while on one hand the Ministry claims that the process of identification of beneficiaries under NRY has improved since the association of commercial banks through medium of task force at the level of Urban Local Bodies, on the other it is not satisfied with the performance of banks specially on account of long pendency of applications, large scale rejections on flimsy grounds and under financing etc. The Committee are dismayed to note that this sort of functioning of banks under NRY is continuing inspite of the fact that they are associated in the process of identification of beneficiaries and the progress/implementation of the scheme is monitored at the District, State and Central levels through various Committees, review meetings & field visits.

Reply of the Government

The observations made by the Committee have been brought to the notice of the Reserve Bank of India and Ministry of Finance.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/ MIS-UPA dated 4-3-98]

Recommendation (Para No. 3.17)

The Committee further note that to overcome these problems related to functioning of banks, a high powered Committee on institutional finance headed by Secretary, UEPA was constituted with representatives from banks, RBI, States etc. The Committee, therefore, recommend that this Committee may evolve a process whereby the number of beneficiaries is restricted so as to avoid rejections as also to ensure utilisation of the funds earmarked to a fuller extent resulting in attainment of the set physical & financial targets.

Reply of the Government

It is proposed to place the above recommendation of the Committee before the High Powered Committee for its consideration at its next meeting.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/MIS-UPA dated 4-3-98]

Comments of the Committee

(Please see Paragraph No. 8 of Chapter I of the Report)

Recommendation (Para No. 3.29)

The Committee note that under the Scheme of Wage Employment (SUWE), wage employment to Urban Poor beneficiaries is provided and socially & economically useful public assets like low cost water supply, pour flush, community latrines, drainage related earth works etc. are constructed. However, the Committee regret to note that the Ministry has no informations with it as to the number of different types of public assets so created by provision of the wage employment to urban poor. The Committee desire the Ministry to keep itself abreast of the details of the public assets constructed in different States as enormous amounts are being spent by Government year after year so as to have close monitoring of the progress of the scheme and ensure that assets created are commensurate with the amounts spent. They would like to be apprised of the details of such assets created under the programme during the 8th Plan period at the earliest.

Reply of the Government

The MIS proforma prescribed by this Department for obtaining reports on NRY from States/UTs has a table for reporting details of assets created under SUWE. However, the States do not report details in this table. The view of the Committee has been brought to the notice of the States/UTs for reporting full yearwise details of public assets created under SUWE.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/MIS-UPA dated 4-3-98]

Comments of the Committee

(Please see Paragraph No. 14 of Chapter I of the Report)

Recommendation (Para No. 4.8)

The Committee note that several social housing schemes are being implemented in the State Sector with loan assistance to the beneficiaries from HUDCO. They further note that income and cost/loan ceilings were revised and are under further review in the context of formulation of 9th Five Year Plan. The Committee are constrained to note that the budgetary allocation towards equity for housing remained stagnant at Rs. 20.00 crores during the first three years of the 8th Plan and declined to Rs. 14.00 crores in 1995-96.

Furthermore, it is disheartening to note that while 55% of HUDCO's funding for housing sector is earmarked for EWS/LIG section of the beneficiaries but over the years HUDCO's reliance on market borrowings is increasing and is expected to be around 84% in 1996-97 as a proportion of overall resource mobilization by HUDCO. This is also having an adverse impact on the beneficiaries of social housing schemes as interest rates are on the high side. The Committee, therefore, feel that there is an urgent need to get increased access to low cost funds for HUDCO to continue the existing support for housing needs of EWS/LIG sections of beneficiaries. They would like to be apprised of the steps taken in this regard.

Reply of the Government

The need for continuing support to HUDCO to enable it to raise low interest rate funds for meeting the housing needs of EWS/LIG schemes of beneficiaries has been recognised by Government. It is proposed to enhance the equity provision and IEBR support to HUDCO during 9th Plan. Against the equity provision of Rs. 200 crores during the 8th Plan, the proposed outlay for the purpose during 9th Plan is Rs. 400 crores. Similarly, against the IEBR support of Rs. 860 crores during the 8th Plan the proposed IEBR during 9th Plan has been projected as Rs. 6545 crores. The IEBR resources include tax free/taxable bonds repayment recovered by HUDCO from its borrowing agencies, loans, equity/Government loans, support to HUDCO in raising loan from NHB/LIC/GIC etc.

HUDCO has signed a few grant/loan agreements with KfW (German Bank for Reconstruction) for financing the EWS housing schemes in various parts of the country. Government has been supporting HUDCO's case for securing soft loan/grants from KfW, OECF and World Bank.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/MIS-UPA dated 4-3-98]

Recommendation (Para No. 49)

The Committee are given to understand that though houses are constructed by HUDCO and other housing agencies, no facilities for basic civic amenities *viz.* water supply, electricity, sewerage disposal etc. are made available with the result that houses constructed remain unoccupied for long time thereby blocking funds. The Committee feel that HUDCO and other housing agencies should plan to provide other infrastructure *viz.* power, water, and sanitation before undertaking construction of houses. This would certainly go a long way in helping HUDCO by improving the recovery position.

Reply of the Government

HUDCO is basically a housing finance institution which is catering to the financial needs of the various housing and urban development agencies of the States, and does not undertake any house construction work directly. Various housing and urban development projects, formulated by the State agencies are submitted to HUDCO for appraisal and sanction. While appraising the projects from the angle of financial viability and other aspects as per guidelines for various types of schemes, HUDCO does ensure that the houses proposed to be constructed, have provision for sanitation, water supply, electricity connections etc.

HUDCO provides financial assistance for city level infrastructure, augmentation of water supply, basic sanitation, construction of roads, bridges, highways, market and commercial complexes etc. These facilities help in the development of housing and commercial activities in the cities/towns.

HUDCO proposes to enhance substantially, its urban infrastructure operations during the 9th Plan. It also proposes to raise loan from

World Bank OECF etc. for on lending to urban development agencies in the States. Government proposes to enhance equity support to HUDCO for infrastructure development to enable HUDCO to substantially step up its infrastructure operations over the 9th Plan period.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/
MIS-UPA dated 4-3-98]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation (Para No. 2.7)

The Committee note that the Government accorded priority to amelioration of Urban Poverty in VIII Plan period and a four pronged strategy was adopted to tackle urban poverty by way of employment creation for low income communities through microenterprises, housing and shelter upgradations and environmental upgradation of slums etc. The VIII Plan also propose to create an enabling environment for housing activity. An outlay of Rs. 100 crores was proposed with a target coverage of 500 towns and 70 lakhs beneficiaries for UBSP. Rs. 227 crores outlay was fixed with a target of 5.35 lakhs beneficiaries under SUME, 228.01 lakhs mandays of work to be generated under SUWE, 6.80 lakhs dwelling units under SHASHU in respect of the three sub-scheme of NRY. The accomplishment under UBSP upto 1995-96 was 301 towns with 65 lakhs beneficiaries incurring an expenditure of Rs. 64.75 crores. While 6.58 lakhs beneficiaries were assisted under SUME, 258.09 lakhs mandays of work generated under SUWE and 3.79 lakhs dwelling units belonging to EWS were upgraded under the three sub-schemes of NRY during the VIII Plan upto 31.7.1996.

According to the Ministry, there has been no significant shortfall in attainment of objectives in respect of Housing except in the scheme of Night Shelter & Sanitation facilities for pavement dwellers due to poor response from States and Municipal agencies for varied reasons. The Ministry is generally satisfied with the performance of the UBSP Scheme in many States while in respect the sub-schemes of NRY except under SHASHU, the physical targets attained in respect of SUME & SUWE.

Reply of the Government

This being not a recommendation, no action is required.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/MIS-UPA dated 4-3-98]

Recommendation (Para No. 5.4)

The Committee note that NBO is engaged in the research in low cost building designs, improvement of building and housing conditions etc. The organisation was restructured to deal with socio-economic aspects of housing and creation of data bank on housing. The Committee understand that the three tier system of NBO is to be strengthened and various options for schemes of funding and manpower needs are being examined. The Committee desires that the strengthening of the three tier scheme of NBO be decided at an early date and they be apprised of the steps taken in this regard.

Reply of Government

Although originally NBO was engaged in the research in low cost building designs, improvement of building and housing conditions, after its restructuring in 1992, the Organisation's primary role has been shifted to socio-economic aspect of Housing and to play the role of a national level 'Clearing House' for housing information through its three tier scheme of collection of housing and building statistics. Under this scheme housing related data is furnished by State agencies. The scheme was transferred to State sector in 1963. After its transfer, it was found that some State are not regular in sending the data and the scheme has been facing serious lapses such as poor coverage, time lag in submission of data and shortage of man power. These issues were discussed with the State Governments.

The National Housing Policy (NHP) stipulates setting up of a detailed MIS on housing for which redesigning of the three tier scheme and relaunching it in a more effective manner is required. As such, NBO is in the process of preparing a scheme for strengthening MIS capability for collecting comprehensive data related to housing and building construction by State and local agencies on a regular basis and transmitting the same to NBO. A tentative provision of Rs. one crore has been made for the purpose in the Budget of NBO for 1997-98.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/
MIS-UPA dated 4-3-98]

Recommendation (Para No. 6.5)

The Committee observe from the above strategies/approach plans and the direction of advance planning contemplated by the Ministry in respect of various schemes of Urban Poverty Eradication and Housing etc., the funds required for fulfilling the targets in respect of housing are quite enormous and would need very pragmatic and bold initiatives. The Committee, note that the Ministry admits that there has been a proliferation of different poverty alleviation programmes while there is practically little addition to total resources available which is evident from the fact that the current year's overall allocation of funds in respect of majority of schemes remained stagnant for last two years. In view of this, it is imperative that the gap between actual requirements of funds for poverty eradication and the budgetary allocations be reduced substantially. The Committee expect the Ministry to look into this aspect of making available funds for different sections/schemes of urban poverty alleviation, housing etc, while the outlays for the IXth Five Year Plan are finalised by Government with the Planning Commission/Finance Ministry.

Reply of the Government

The Standing Committee's observation has been noted for compliance.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/
MIS-UPA dated 4-3-98]

Recommendation (Para No. 6.7)

The Committee observe from the above that in respect of the above two major schemes the allocations were either short of the outlay or allocations exceeded the outlay. The Committee, therefore, would like to recommend that while formulating strategies for Ninth Plan Government should consider the various Observations/Recommendations of the Committee as given in the preceding paragraphs of the Report. As regards outlay for different Schemes/

programmes during Ninth Plan, they urge that there should be appropriate enhancement of outlay in view of recommendations of the Committee with regard to various Schemes.

Reply of the Government

The observation of the Committee has been brought to the notice of the Planning Commission.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/
MIS-UPA dated 4-3-98]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Para No. 3.24)

It is observed that under the Scheme of Urban Micro Enterprises (SUME), by and large the physical and financial targets of the VIIIth plan have been met but the allocation of funds has remained more or less stagnant over the last 2-3 years.

The Committee are distressed to observe that the criterion of an income Rs. 11,850/-p.a. for a beneficiary household under the scheme is not pragmatic and practicable. The Committee desire that Government should take up the matter of revision of this important criterion for extending benefits under the scheme to realistic levels taking into account factors such as source indices etc. with the Planning Commission.

The Ministry has reportedly commissioned a study to look into the qualitative aspects of the scheme including its existing monitoring mechanisms.

The Committee further observes that the level of present investments by the beneficiaries comes to Rs. 2143/- as on 31.7.96. at the National is very small to ensure sustained income generation. This is also due to under financing of projects by banks.

A proposal too has been moved by the Ministry in March, 1996 to raise the terms of finance under SUME to a level to bring it at par with PMRY and PM's IUPEP. The Committee, therefore, desire that an early decision on the proposal of the Ministry is necessary in view of the advanced stage of preparations for the IXth Five Year Plan.

They would like the Ministry to take steps to curtail if not eliminate under financing of projects by banks in future. The Committee strongly feel that to realize the objectives of the Scheme now in force, the quantum monetary assistance given is not realistic. They, therefore,

would like that the monetary assistance provided under the Scheme should be substantially stepped up so as to ensure qualitative performance of the Scheme *i.e.* to ensure sustained level of income to the beneficiary.

It is also desire that the performance of the Scheme would not be judged quantitatively *i.e.* by counting the number of beneficiaries. They would like to be apprised of the results of the study initiated by the Ministry as well as the action taken by Government in the matter.

Reply of the Government

The view of the Committee has again been brought to the notice of the Planning Commission to revise the criterion of an income of Rs. 11,850/- p.a. as poverty line which was fixed on the basis of 1991-92 prices in 1992.

A proposal for amendment of NRY guidelines is under consideration. EFC Memo has been circulated. The report of the study assigned to the Society for Development Studies (SDS), New Delhi is expected to be received by March, 1997.

The view of the Committee regarding under financing of projects by banks has been brought to the notice of the Reserve Bank of India and Ministry of Finance at the level of Secretary and Minister.

[Ministry of Urban Affairs & Employment (Department of Urban Employment & Poverty Alleviation) O.M. No. H-11025/3/98/ MIS-UPA dated 4-3-98]

Comments of the Committee

(Please *see* Paragraph No. 11 of Chapter I of the Report)

Recommendation (Para No. 3.34)

The Committee note that under Housing & Shelter Upgradation Scheme (SHASU)—the third component of NRY, the performance has been far below the targets set for the VIIIth Plan. According to the Ministry, the reasons for lack of participation of the beneficiaries to the desired extent is that SHASU is not an income generating scheme and States hesitate to furnish guarantees on behalf of ULBs for fear of non-recovery of the sums advanced for the purpose of Housing &

Shelter Upgradation. The Committee are constrained to observe that only Rs. 19.64 crores (principal amount) has so far been recovered out of Rs. 87.19 crores advanced by HUDCO under the scheme. The Committee desire that for effective implementation of the scheme, participation of People's Representatives be made more wider (as on the lines of DIRDAs in respect of IRDP) in the entire process from formulation of schemes to their implementation and review.

Reply of the Government

The view of the Committee regarding unsatisfactory implementation of the scheme of Housing & Shelter Upgradation (SHASU) has been brought to the notice of all States/UTs requesting them to gear up the implementation of the scheme by inducting all MPs/MLAs of a District, two SC/ST and one woman representative as members of the nodal agency for implementation of SHASU.

[Ministry of Urban Affairs & Employment (Department of Urban
Employment and Poverty Alleviation) O.M. No. H-11025/3/98/
MIS-UPA dated 4-3-98]

Comments of the Committee

(Please see Paragraph No. 17 of Chapter I of the Report.)

Recommendation (Para No. 3.41)

The Committee are distressed to note that though the Prime Minister's Integrated Urban Poverty Eradication Programme (PM's IUPEP) was announced by the Prime Minister on 15th August 1994 the programme was formally launched only in November 1995. The Committee are at a loss to understand the reasons for the inordinate delay of over one year in formally implementing the programme by the Ministry. The Committee take a serious view of this and expect that whenever such schemes/programmes are made public, in future necessary steps to implement the same be taken within a period of three months at the most.

The programme is of recent origin, envisaging an outlay of Rs. 800 crores for a period of 5 years *viz.* 1995-2000 and aims to address the problems of Urban Poverty with a four pronged and long term strategy. The Committee would, therefore, like to be apprised of the progress made under the scheme from time to time and the

evaluations made by the Ministry, as huge allocations are envisaged for each year in the range of Rs. 100-200 crores.

Reply of the Government

Consequent upon the announcement of the PMI UPEP by the Prime Minister on 15 August 1994, the detailed Scheme was worked out; the views of different State Governments were sought; Prime Minister's Office, Planning Commission, Ministry of Finance and other Central Government Deptts. were consulted before taking up the Scheme for approval by the Expenditure Finance Committee and the CCEA. As such, there was no delay on the part of this Deptt.

The Standing Committee would be kept informed of the progress made under the PML UPEP from time to time, as desired.

[Ministry of Urban Affairs & Employment (Department of Urban Employment and Poverty Alleviation) O.M. No. H-11025/3/98/
MIS-UPA dated 4-3-98]

Comments of the Committee

(Please see Paragraph No. 20 of Chapter I of the Report)

CHAPTER V

**RECOMMENDATIONS IN RESPECT OF WHICH FINAL
REPLIES OF GOVERNMENT ARE STILL AWAITED**

—NIL—

NEW DELHI;
July 27, 1998
Shravana 05, 1920 (Saka)

KISHAN SINGH SANGWAN,
Chairman,
Standing Committee on
Urban & Rural Development.

APPENDIX -I

COMMITTEE ON URBAN & RURAL DEVELOPMENT (1998-99)

EXTRACTS OF MINUTES OF THE SIXTEENTH SITTING OF THE COMMITTEE HELD ON THURSDAY, 23rd JULY, 1998

The Committee sat from 1500 hrs. to 1630 hrs. in Committee Room 139, Parliament House Annexe, New Delhi.

PRESENT

Shri Kishan Singh Sangwan — *Chairman*

MEMBERS

Lok Sabha

2. Shri D.S. Ahire
3. Dr. Shafiqur Rahman Barq
4. Shri Padmanava Behera
5. Shri Sriram Chauhan
6. Shri Ramkrushna Suryabhan Gavai
7. Shri Vinod Khanna
8. Shri Subhash Maharia
9. Shri Subrata Mukherjee
10. Shri Chandresh Patel

Rajya Sabha

11. Shrimati Shabana Azmi
12. Shri Nilotpal Basu
13. Shri Jhumuklal Bhendia
14. Shri N.R. Dasari
15. Shri Onkar Singh Lakhawat
16. Prof. A. Lakshmisagar
17. Shri O.S. Manian
18. Dr. Mohan Babu
19. Shri Suryabhan Patil Vahadane

SECRETARIAT

1. Shri S.C. Rastogi — *Director*
2. Shrimati Sudesh Luthra — *Under Secretary*
3. Shri PVLN Murthy — *Assistant Director*

I. *Further Consideration of Memorandum No. 10*

2. *** *** ***

II. *Consideration and adoption of draft Action Taken Reports*

3. The Committee then took up for consideration Memorandum No. 2 and approved the draft report on action taken by Government on the recommendations contained in the Second Report (11th Lok Sabha) on Demands for Grants (1996-97) of the Department of Urban Employment and Poverty Alleviation of the Ministry of Urban Affairs and Employment.

4. *** *** *** ***

5. *** *** *** ***

III. *Future Course of action on the Bills referred to the Committee*

6. *** *** *** ***

7. *** *** *** ***

8. *** *** *** ***

9. *** *** ***

10. *** *** *** ***

11. The Committee then authorised the Chairman to finalise the Reports on the basis of factual verification by the Ministry/Department concerned and present the same to Parliament.

The Committee then adjourned.

APPENDIX II

[Vide Para 4 of the Introduction]

Analysis of the Action Taken by Government on the recommendations contained in the Seceond Report of the Standing Committee on Urban & Rural Development (11th Lok Sabha)

I. Total number of Recommendations	18
II. Recommendations that have been accepted by the Government.	
(Para Nos. 1.6, 1.13, 2.8, 2.10, 3.5, 3.10, 3.16, 3.17, 3.29, 4.8 and 4.9)	11
Percentage to Total	61.11%
III. Recommendations which the Committee do not desire to pursue in view of the Government's replies.	
(Para Nos. 2.7, 5.4, 6.5 and 6.7)	4
Percentage to Total	22.22%
IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee	
(Para Nos. 3.24, 3.34 and 3.41)	3
Percentage to Total	16.67%
V. Recommendations in respect of which final replies of the Government are still awaited	Nil.
Percentage to Total	—