20

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

TWELFTH LOK SABHA

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT
(DEPARTMENT OF URBAN DEVELOPMENT)

MEGA CITY SCHEME

TWENTIETH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

COMMITTEE ON URBAN & RURAL DEVELOPMENT (1998-99)

Corrigenda to the 20th Report
(12th Lok Sabha)

Page	Para	Line	For	Read
(iv)	-	3	11 March, 1998	11 March, 1999
2	4	5	Megapolies	Megapolises
3	7	7 from bottom	Add 'was' before 'lacking'	
9	18	3	rgulate	regulate
	19	8	technicla	technical
10	20	5	ruban	urban
11	23	7	has	have
15	-	7 from bottom	intent	intend
16	-	3	Delete 'However',	
	-	8	Add 'that' after 'fact'	
17	-	17 from bottom	Add 'with a master/perspective plan and investment plan stand at the root of successful implementation of the Mega City Scheme projects which' after 'Projects'.	
21	-	4 from bottom	Add 'City' after 'Mega'	
22	-	20 from bottom	(IDFG)	(IDFC)
23	-	15	Add 'been' after 'have'	
27	-	4	this	their
28	-	5	giving	during
		11	Add 'was' after 'it'.	
44	-	17	Add 'Scheme. After some discussion, the Committee felt that the' after 'City'	

- After line 28 Add '7. xxx xxx xxx'

TWENTIETH REPORT

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

(TWELFTH LOK SABHA)

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

(DEPARTMENT OF URBAN DEVELOPMENT)

MEGA CITY SCHEME

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

Presented to Lok Sabha on 15.3.1999
Laid in Rajya Sabha on 15.3.1999

LOK SABHA SECRETARIAT
NEW DELHI

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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 Twentieth Report on Action taken by the Government on the recommendations contained in the Sixth Report of the Standing Committee on Urban & Rural Development (Eleventh Lok Sabha) on Mega City Scheme.

2. The Sixth Report was presented to Lok Sabha on 11th April, 1997. The replies of the Government to all the recommendations contained in the Report were received on 22nd January, 1998.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 25th January, 1999.

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

NEW DELHI;
11 *March*, 1998
20 *Phalguna*, 1920 *(Saka)*

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

CHAPTER I

REPORT

This Report of the Committee on Urban & Rural Development (1998-99) deals with the action taken by the Government on the recommendations contained in their Sixth Report on 'Mega City Scheme' which was presented to Lok Sabha on 11th April, 1997.

2. Action taken notes have been received from the Government in respect of all the 25 recommendations which has been categorised as follows:—

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

Sl. Nos. 1.8, 1.9, 1.15, 1.16, 1.17, 2.16, 2.21, 3.8, 3.20, 3.33, 3.34, 4.5, 5.4, 5.11, 5.22 and 5.23.

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

Sl. Nos. 2.10, 2.11, 5.16, and 5.19.

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

Sl. Nos. 2.12, 3.19, 5.9, 5.10 and 5.15

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

Nil.

3. The Committee will now deal with action taken by Government on some of the recommendations.

A. Continuation of Mega City Scheme in Ninth Plan

Recommendation (Para No. 1.15)

4. The Committee had recommended:

"........ that though the Mega City Scheme was started in 1993-94, it recognizes the need for providing infrastructure to the development needs of the ever growing and teeming Megapolies of Mumbai, Chennai, Calcutta, Hyderabad and Bangalore—the cities considered to be the engines of economic growth and are contributing in a substantial way for planned economic development in the country. The Committee further, observed during their interaction with the State/Nodal Agencies implementing the projects under Mega City Scheme that the Scheme should be continued in the 9th Five Year Plan and could possibly roll on to the 10th Plan, if felt necessary.

Further, HUDCO as the only financial institution funding projects under the scheme also is of the opinion that the Scheme should be continued in the 9th Five Year Plan so that the present endeavour could produce positive results. The Committee, therefore, desire that the Mega City Scheme should be continued in 9th Five Year Plan and if felt necessary could be continued in the future plans."

5. The Government in their reply stated as follows:—

"The Planning Commission has, in principle, agreed for continuation of the Mega City Scheme in the Ninth Five Year Plan period. However, the same is subject to the decision regarding the transfer of Centrally Sponsored Schemes as recommended by the Chief Ministers' Conference and as approved by the National Development Council."

6. The Committee note that the Planning Commission has agreed in principle for continuation of the Mega City Scheme in the Ninth Five Year Plan period. However, this is subject to decision regarding the transfer of Centrally Sponsored Schemes to States as recommended by Chief Ministers' Conference and as approved by National Development Council. The Committee would, therefore, like to be apprised of the said decision and its impact on the continuation of Mega City Scheme.

B. Allocation of Funds under the Scheme

Recommendation (Para No. 2.12)

7. The Committee earlier recommended:

> "The Committee note that Mega City Scheme is being implemented in the five Metro/Mega Cities of Mumbai, Calcutta, Chennai, Hyderabad & Bangalore with project falling under the categories of remunerative or bankable, project where certain user charges could be levied and projects for basic services entirely dependent on Grants from Central/State Governments..........
>
> The Committee are surprised to note that at the time of starting the Scheme, there were no individual project reports available for specific schemes while Planning Commission has allocated Rs. 700 crores for the five cities based on the broad indication of the total cost of projects of approx. Rs. 5000 crores that could be taken up during the 8th and 9th Plan. The Committee can only conclude that no proper projects were on hand at the time of inception and clearance of the Scheme by the Planning Commission. They, therefore, are of the view that proper planning lacking both on the part of the Planning Commission and nodal Ministry of Urban Affairs & Employment and therefore, caution that such an attitude should not recur in future and that without adequate planning and preparing the ground work *viz.* preparation and formulation of guidelines, no scheme should be launched for implementation."

8. In their reply the Government stated:

> "The Mega City Scheme was conceptualised in 1993-94 after a lot of discussions by the Planning Commission with the State Governments and this Ministry with a view to create a Revolving Fund in these cities to undertake infrastructure Projects on a sustained basis. For this scheme, the Central share is released to the extent of 25% of total project cost and rest 75% to be raised by State Government (25% by way of State Share and 50% by Institutional Finance).
>
> Upto April, 1997, 14 projects have been completed under Mega City Scheme. Further, the projects, being implemented with special Central assistance earlier were taken for implementation under Mega City Scheme during 1993-94 & 1994-95.

> As regards, allocation for Mega City Scheme, Planning Commission had only notionally indicated an allocation of Rs. 700 crore for the 8th Five Year Plan Period. However, only Rs. 312 crore was provided in the budget out of which Rs. 290 crore only were released."

9. The Committee regret to note that the Government instead of assuring that in future no new scheme would be launched without proper groundwork, have tried to justify their action so far as launching of Mega City Scheme is concerned. As the success of any scheme depends on the proper groundwork done before launching the scheme, they reiterate that in future adequate groundwork about the scheme must be done before launching a new scheme.

C. Flexible approach for timely release of funds.

Recommendation (Para No. 3.19)

10. The Committee earlier recommended:

> "The Committee note that Mega City Scheme envisaged an 8th Plan outlay of Rs. 700 crores—Rs. 200 crores for Mumbai & Calcutta and Rs. 100 crores each to Chennai, Hyderabad and Bangalore. The Central share released upto 1996-97 to the five mega cities stands at Rs. 311.50 crores. However, the Committees are distressed to note that the actual release of funds from the Centre has not even touched the half way mark of the Rs. 350 crores upto the year 1996-97. On the contrary, except for Mumbai, all other State Governments have matched their equal share towards project cost and States like Tamil Nadu and West Bengal have contributed much more than their shares....
>
> ....The Committee further observe that Mega Cities are required to furnish the Utilisation Certificate at the time of requisitioning the next instalment. They view that the said scheme is meant for creating infrastructure assets which have long gestation period. The withholding money by the Centre on the pretext of not furnishing Utilisation Certificate would result in the delay of completion of projects thereby causing time and cost overruns. The Committee cannot overlook the importance of proper monitoring of the scheme by way of requiring the Utilisation Certificates by the concerned Mega Cities but they would also like that a more flexible approach should be adopted

by the Centre and funds are released timely to the concerned Mega Cities."

11. The Government in their reply stated:

"The Planning Commission had notionally indicated an outlay of Rs. 700 crores for Mega City Scheme for the 8th Five Year Plan. However, the budgetary outlay was Rs. 312 crores, out of which an amount of Rs. 290 crores only was released as there were further budgetary cuts imposed by the Ministry of Finance...

...The Ministry of Urban Affairs & Employment is adopting a flexible approach, as the first instalment of funds (approximately half of the Budget Provision) under the scheme is normally released to nodal agencies without insisting for Utilisation Certificate. The utilisation certificates and other formalities like State Share etc. are required for release of second instalment."

12. The Committee are not satisfied with the reply of the Government to the effect that the Ministry is adopting a flexible approach with regard to release of first instalment of funds to the concerned Mega Cities and the requirement of furnishing of utilisation certificates with regard thereto is being followed for release of subsequent instalment of funds. The Committee are of the opinion that there is an urgent need to define and distinguish the flexibility norms which in their considered view should be linked with the requirement of large sums of money in relation to the infrastructure and other such projects that are being taken up under the Mega City Scheme, in the absence of which there is every possibility of the time and cost schedules of the projects going haywire. The Committee, therefore, desire that the Ministry's flexible approach to release of funds should be need based in respect of high cost infrastructure projects. They would like to be apprised of the steps taken in this direction.

D. Institutional reforms for creation of District & Metropolitan Planning Committees.

Recommendation (Para No. 5.9)

13. The Committee in their earlier recommendation noted as under:

".... They are of the considered opinion that these financial and institutional reforms envisaged in the 74th Constitution

Amendment Act through the promotion of the Mega City Scheme can not be attained unless the Urban Local Bodies (ULBs) are involved in the implementation of the projects under the Scheme. The Committee's examination of the Scheme revealed that the involvement of ULBs and their elected representatives is very minimal at present. Apart from the Metropolitan Planning Committees, the District Planning Committees are yet to be operationalised in most of the places. Also, no fixed time limit has been set for the same under the Act. They further note that a Committee was set up by Government which reported on the manner in which these Distt./Metropolitan Planning Committees could be operationalised. The Committee strongly feel that Government should take steps to expedite the process of operationalising the provisions of the Act for creation of distt./Metropolitan Planning Committee to make them take part effectively in implementing the projects under the Mega City Scheme as also devolve more powers to ULBs so that they could contribute to raise resources thereby helping to operationalise the Revolving Fund which is one of the prime objectives of the Mega City Scheme...."

14. The Government in their action taken note stated:

"…. The provision in the constitution for DPCs and MPCs visualise a concept of participatory and integrated regional planning. These provisions are relatively new to many States and, therefore, the implementation of the same has been slow. Despite passage of almost three years, many States are yet to implement the constitutional mandate to constitute DPCs and MPCs. So far only the States of Tripura, Kerala, Madhya Pradesh, West Bengal, Andaman & Nicobar Islands and Daman & Diu have constituted the DPCs. MPCs have been constituted in only in Kerala.

In The absence of clarity regarding composition functions and finances of Planning Committees and how the Metropolitan and District Development Plans could be integrated with the State Plan and the National Five Year planning process, the States are facing difficulty in formation of these Committees. This Ministry has been continuously emphasising that the constitution of DPCs and MPCs is mandatory and the State Governments should constitute these Committee without further loss of time.

Since the 74th Amendment is the first ever initiative to bring an institutional mechanism for the preparation of Development Plan for District and Metropolitan areas, there is a need to suggest guidelines to State Governments for the speedy operationalisation of the mandatory provisions in the 73rd and 74th Amendment Acts regarding DPCs and MPCs. In this context, the Ministry of Urban Affairs and Employment and the Ministry of Rural Areas and Employment have jointly proposed to conduct a National Meet of State Ministers In-charge of Rural Development/Panchayati Raj, Urban Development and Planning to discuss the implementation of the constitutional provisions regarding integration of urban and rural planning. The National Institute of Rural Development (NIRD), Hyderabad has been identified to make necessary arrangements for this Meeting with the assistance of National Institute of Urban Affairs (NIUA), New Delhi. The NIRD has constituted a Steering Committee comprising representatives from both the Ministries, NIUA, Planning Commission, etc. Two Meetings of the Steering Committee have been held so far. The NIRD has also constituted an Expert Committee to prepare Agenda/Guidelines for the constitution/operationalisation of DPCs and MPCs.

The above National Meet is likely to be held in mid November, 1997 at New Delhi. After the guidelines for operationalisation of DPC/MPC provisions are approved in the above National Meet, the same will be circulated to the State Governments for necessary action."

15. The Committee note that the National meet of State Ministers incharge of Rural Development, Panchayati Raj, Urban Development and Planning to discuss the implementation of the constitutional provisions regarding integration of urban and rural planning was to be held in November, 1997. Though the reply was furnished by the Ministry in the third week of January, 1998, they have not bothered to update their reply. The Committee will like to be apprised of the outcome of the National meet of State Ministers referred to above.

E. Legislation for levy of service charges on Govt. properties.

Recommendation (Para No. 5.10)

16. The Committee in its earlier recommendation noted.

> "The Committee note that the key to success for Mega City Schemes is the all-round empowerment of the Urban Local Bodies (ULBs). The proper devolution of revenue raising powers is most crucial to the process. This will lead to the reinforcement of ULB's capacity to mobilise additional resources for the market which is crucial for facing the challenges of urban infrastructure and improved quality of life. The Committee feel that the continuous inability of ULBs to tax the properties of Central and State Government property is not in tune with the declaration of devolution of financial power a enshrined in the constitutional 74th Amendment. The Committee would therefore like to recommend that the Government should make suitable legislative amendment to rectify the errors."

17. The Government in their reply stated:

> "The Ministry of Urban Affairs and Employment constituted a Working Group on Taxation of Government Properties in India under the Chairmanship of Shri D.M. Sukhantkar, former Secretary in the Ministry and Chief Secretary, Govt. of Maharashtra. It took note of the case law in the matter of various Central Government Establishments *Vs.* Local Bodies, according to which the Government properties "vested" in statutory bodies and public sector undertaking would no longer enjoy the protection of Article 285 and would be taxed at per with other properties.
>
> The Working Group could not arrive at a consensus as to whether such properties should pay taxes or service charges. The State Government and Municipal Corporation representatives had favoured for a Central Act for taxation of Central Government Properties. However, the representative of Central Ministries agreed for payment of service charges as per the existing Orders of the Ministry of Finance and also replacing these Orders by an Act of Parliament. On the basis of ground work done by the Working Group, this Ministry is considering the report for enacting a suitable Central legislation to regulate the levy of service charges on Government Properties."

18. The Committee note that on the basis of ground work done by the D.M. Sukhantkar Group, the Ministry was considering its report for enacting a suitable Central legislation to rgulate the levy of service charges by local bodies on Central Government Properties. However, the Ministry has not indicated the time frame within which such a law will be made. As the levying of service charges by Local Bodies on Central Government Properties will go a long way in building their financial capabilities, the Committee recommend that necessary legislation in this regard should be introduced without any further delay.

F. Capacity building of Urban local bodies (ULBs)

Recommendation (Para No. 5.11)

19. The Committee in their earlier recommendation observed:

"........that ULBs the main implementing agencies of the projects under the scheme have neither the financial nor technical expertise for project appraisal and project evaluation......

The Committee feel that due to lack of financial and technical expertise, lot of burden is coming on the nodal agencies which is adversely affecting the implementation of the projects.... The financial and technicla inability of ULB's is adversely affecting the credit worthiness which is essential to mobilise additional resources from the market to face the challenges of urban infrastructure and urban quality of life. Besides it also affects the maintenance of assets too. In these circumstances the Committee would like to recommend that Government should take the necessary measures for capacity building of Urbann Local Bodies within the parameters of the Scheme. They would also like that there should be some in-built mechanism in the guidelines to provide certain fixed % of funds for maintenance of infrastructure/assets created under the scheme."

20. The Ministry in their action taken reply stated:

".... the Mega City Scheme guidelines make it obligatory for the State Governments to strengthen their implementing agencies suitably (particularly) with regard to project appraisal and financial management) to enable them to discharge their coordinating and implementing roles for projects and fund management functions effectively. Keeping this in view, 0.75% of the total budget provision available under Mega City Scheme is earmarked for project-related studies, upgradation of MIS facilities in the agencies, evaluation of plans etc. Regarding capacity building of local bodies in a longer run, a scheme on ruban capacity building has been posed to the Planning Commission for inclusion in the 9th Plan. The Plan document is not yet finalsed.... The nodal agencies have been impressed that there can be no free lunch and costs have to be recovered either by charges or taxes. The Ministry has taken up with the State Governments to adopt innovative methods to mobilise funds for asset creation and maintenance on a sustaining basis."

21. **The Committee note that a scheme for capacity building of Urban Local Bodies in long run has been sent to the Planning Commission for inclusion in the Ninth Five Year Plan. The Committee would like to be apprised of the details and the present status of the above scheme.**

G. Land acquisition to finance projects under the Scheme.

Recommendation (Para No. 5.15)

22. The Committee recommended earlier as under:

"The Committee during their visit to respective Mega Cities have observed that land is the major area of concern in those Mega Cities except in Hyderabad where due to historical reasons land is available.... The Committee would like to recommend that such land which don't confirm to the old land use plan and is lying unutilised should be put for productive use as a major resource for infrastructure-building in conformity with the existing laws of the country. This will certainly go a long way in creation of durable infrastructure for Mega Cities.

The Committee also note that there are several bottlenecks present in the acquisition of land for implementation of projects under the Mega City Scheme by the nodal agencies. They further observe that certain cases remain pending in the courts for a pretty long time. Consequently the Government as well as the affected persons are deprived of timely benefits which might accrue to them by virtue of that land."

23. The Government in their reply stated:

> "For supplementing the requirement of institutional finance under the Mega City Scheme, the Ministry of Urban Affairs & Employment has stressed on the need of using land as a resource in a variety of ways for financing Urban Infrastructure Projects, in lieu of borrowing/institutional finance. State Governments has been addressed in the matter. A Note on the use of Central Government land as a resource has also been prepared to enable the Cabinet to consider various issues.
>
> Considering the bottlenecks present in the acquisition of land for implementation of projects under Urban Development Schemes and the problems of prolonged court litigation, the Ministry has initiated steps for the preparation of a model separate law for land acquisition in urban areas—to be circulated to the State Governments."

24. The Committee note that in pursuance of their recommendation the Government have initiated steps for preparation of a model law for acquisition of land in urban areas exclusively. The Government propose to circulate the model law to the State Governments. However, the Government have failed to state as to when the proposed model law will be ready for circulation to State Governments and by what time the reaction of State Governments will be available. They, therefore, urge the Government to finalise the model law at the earliest and to circulate the same to State Governments. The Committee would like to be informed of the steps taken in this regard.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1.8)

The Committee note that Government of India started the Centrally Sponsored Schemes of Infrastructure Development in cities in 1993-94 with more than 4 million population as per 1991 census. The Scheme was a result of the joint exercise between the Planning Commission and Ministry of Urban Affairs & Employment. The report of the National Commission on Urbanisation (NCU) recognised the fact that most of the problems of Mega/Metro cities are the result of unbridled migration from rural areas and smaller towns on which the Mega Cities have little control. A need for creation of a fund for the development of the Mega Cities of Mumbai, Calcutta, Chennai, Hyderabad and Bangalore was felt as these cities are considered to be the engines of growth and the quantum of generation of resources for planned economic development is quite substantial.

Reply of the Government

No action is required to be taken.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22.01.98]

Recommendation (Para No. 1.9)

Further, the Committee note that the Mega City Scheme was launched with the twin objectives of enabling the Mega Cities to undertake infrastructure development projects of city-wide/regional significance and creation of a Revolving Fund in which funds could flow from appropriate direct and indirect cost recovery methods on a sustained basis. However, the Committee are distressed to observe that the detailed guidelines have been issued by the Administrative Ministry only in August, 1995 after the Cabinet Committee on Economic Affairs approved the scheme in March, 1993. The Committee find that considerable loss of time of over two years has occurred in launching of the Scheme and issue of Guidelines to the State Governments/

Nodal Agencies which were supposed to implement the Scheme. The Committee in this connection would like to refer to their recommendation made in the 2nd Report (1996-97) on Demands for Grants of Department of Urban Employment & Poverty Alleviation wherein they took a serious view of the time lag in announcement and launching of Schemes and desired that in future necessary steps to implement the Scheme may be taken within a period of three months at the most. The Committee, therefore, cannot but conclude that the Ministry of Urban Affairs & Employment and Planning Commission failed to do the ground work for formulating a Scheme which was in operation in a different form prior to 1993-94. They desire that such under preparedness in formalising scheme should be avoided to obviate possible poor results in the early phases, however, small they may be.

Reply of the Government

The observations of the Committee have been noted.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Recommendation (Para No. 1.15)

The Committee observe that though the Mega City Scheme was started in 1993-94, it is just about gaining the momentum to stabilize itself as a Scheme which in fact recognizes the need for providing infrastructure to the development needs of the ever growing and teeming Megapolies of Mumbai, Chennai, Calcutta, Hyderabad and Bangalore—the cities considered to be the engines of economic growth and are contributing in a substantial way for planned economic development in the country. The Committee further, observed during their interaction with the State/Nodal Agencies implementation the projects under Mega City Scheme that as the Scheme is just about gaining momentum, it should be continued in the 9th Five Year Plan and could possibly roll on to the 10th plan, if felt necessary. The Committee find that problem of infrastructure development in these cities are very complex and require timely resolution. Some of these problems are of a general nature, while some of them arise out of the specification associated with the specific history of evolution of each of these cities. Further, HUDCO as the only financial institution funding projects under the scheme also is of the opinion that the Scheme should be continued in the 9th Five Year Plan so that the present endeavour could produce positive results. The Committee, therefore, desire that the Mega City Scheme should be continued in 9th Five Year Plan and if felt necessary could be continued in the future plans.

Reply of the Government

The Planning Commission has, in principle, agreed for continuation of the Mega City Scheme in the Ninth Five Year Plan Period. However, the same is subject to the decision regarding the transfer of Centrally Sponsored Schemes as recommended by the Chief Ministers' Conference and as approved by the National Development Council.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No.H-11013/4/97-Bt. dated 22-01-98]

Comments of the Committee

(Please *see* Paragraph No. 6 of Chapter-I of the Report)

Recommendation (Para No. 1.16)

The Committee has also observed that while the Mega City Scheme is intended for cities having population of more than 4 million land while there is also a scheme of the Ministry of Urban Development known as IDSMT for cities having population between 20,000 and 5 lakhs, there are no schemes for cities having population between 5 lakhs and 40 lakhs. The Committee feels that this gap in terms of plan intervention through any properly defined scheme to facilitate the development of urban infrastructure in such big cities with population ranging from 5 lakhs to 40 lakhs will only lead towards over crowding of Mega Cities. Therefore, the Committee recommend that some suitable scheme be formulated by the Ministry in consultation with the Planning Commission to cover cities having population of 5 lakhs to 40 lakhs.

Reply of the Government

The matter has been taken up with Planning Commission and the Commission has ruled that it is not feasible to introduce/formulate a new scheme in view of the severe constraints on the domestic budget support.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No.H-11013/4/97-Bt. dated 22-01-98]

Recommendation (Para No. 1.17)

The Committe feel that more cities would have grown in terms of population and as such would like that such cities having the stipulated population of 4 million or near about should also be covered under the scheme.

Reply of the Government

The Ministry of Urban Affairs & Employment has received representations/proposals for inclusion of towns like Ahmedabad, Pune, Jaipur & Kanpur in the Mega City Scheme, from respective State Government. This was proposed to Planning Commission subject to enhancement in Budget Provision for the scheme. However, Planning Commission has observed that the success of the scheme envisaging preparation of sound project reports, mobilisation of funds by way of leveraging, timely/adequate release of funds by State Governments and the Financial Institutions and implementation as per schedule may have to be observed during the Ninth Plan before expanding its scope to cover additional cities.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No.H-11013/4/97-Bt. dated 22-01-98]

Recommendation (Para No. 2.16)

The Committee note that several State Governments/Nodal agencies implementing the scheme have felt that the guidelines formulated by the nodal Ministry of Urban Affairs & Employment require a review with regard to the stipulation in respect of the share of institutional finance as also the need to have more flexible approach with respect to the basket of projects in terms of A,B&C categories taken up for implementation. They find that the nodal agencies are particularly finding it difficult to raise the 50% share of institutional finance primarily owing to the high rates of interest being charged by the agencies coming forward to fund projects.

The Committee further find that the Ministry does not intent to review the guidelines on the simple plea that the problem of funding is due to lack of appropriate cost recovery policies of the nodal agencies. The Committee cannot but overlook the fact that unlike other Centrally sponsored schemes none of the five concerned State Governments have defaulted in providing matching amount in their respective budgets as stipulated in the guidelines of the scheme. But it is also a fact that the menu of options for the cost recovery aspect has to be extremely flexible but unfortunately the nature of financial institutions do not enable them to appreciate this reality. However, they are, therefore, constrained to further note that it is not the only reason for poor response of institutional funding agencies. It may be pointed out that high rates of interest being charged by the financial institutions is driving away the nodal agencies from securing funds from financial institutions as also the fact cost recovery steps cannot be initiated in areas where the projects under the scheme tend to upgrade the facilities available in Mega City as in the case of Calcutta where most of the project like water works, sewerage disposal and solid waste disposal works are only adding to the existing facilities but do not add any additional features to these. The committee, therefore, are of the view that the Ministry should take steps to undertake a mid-term review of the working of the scheme to make it suitable to the local needs by reviewing/recasting certain grey areas in the guidelines.

Reply of the Government

The guidelines of the Mega City Scheme were approved by the Cabinet Committee on Economic Affairs in March, 1995. Since then the Mega City Scheme is being implemented on the stipulations regarding cost recovery measure, mix of projects, institutional finance etc., provided in the guidelines. However, the State level nodal/implementing agencies have been finding it difficult to achieve the financial and physical targets under the scheme while following these stipulations scrupulously. These agencies have earlier requested this Ministry to relax the norm of ratio of mix of projects of category A, B and C and mobilisation of Institutional Finance as the same is coming at high interest charge. Based on the discussions with the State Governments and the nodal agencies in the review meeting held on 11.6.1997, this Ministry has already taken steps to fix up a judicious formula for release of funds by modifying the guidelines and the matter has been taken up with the Planning Commission for its concurrence to the proposed formula. Further action will also be taken in the near future to modify the guidelines of the scheme in consultation with the State Governments/nodal agencies and to undertake a mid term review of the working of the Scheme to make it appropriate to the local needs.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt. dated 22-01-98]

Recommendation (Para No. 2.21)

The Committee's examination of the project revealed that the Mega City Scheme guidelines are on very general terms specially with regard to the need for corelating the projects taken up for implementation under the Scheme with the long term perspective plans for the city/ metropolitan/State Master plans. The Committee are surprised to note that no State has drawn up any perspective plan and that the Ground Level situation is akin to having a knee jerk approach towards planning as such to the various problems coming up before the city administrations. Urban development, today, in so far as the Mega City are concerned, is reactive rather than pro-active. This implies that not only is the scale of investment for urban infrastructure totaly inadequate but being disjoining and piecemeal. They do not result in any significant impact in term of return on their investments. According to HUDCO the Mega City Scheme projects should not be mere collection of schemes but should form a part of the long term plan for improvement of infrastructure available in Mega City as also the fact that they should be made integral part of long term plans to let the city administration deal with the problems effectively. The Committee, cannot but agree with the views of HUDCO which till now is the one and only major financial institution that has come forward to fund projects under the scheme in most of these Mega Cities. The Committee need hardly emphasize that dovetailing of the Mega City Projects which would go a long way in improving the quality of urban life in the Mega Cities. They, therefore, desire that the importance of the need to prepare master plans/perspective long term plans to attain the goal of all round development of the Mega Cities under the scheme.

Reply of the Government

The Mega City Scheme guidelines provide for that the projects to be selected under the scheme should be limited and only those which are of major significance from the Metro Master Plan/Development plan point of view need to be given priority. Further, with a view to stress importance of the need to prepare master plans/perspective long term plans for all round development of Mega Cities, a 10% weightage is proposed for being earmarked for this factor in the new rational formula to form basis of allocation of funds to cities under Mega City Scheme.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt. dated 22-01-98]

Recommendation (Para No. 3.8)

The Committee note that the finance pattern for the Mega City Scheme provides for funding from the Central and State Governments in ratio of 25% each and balance 50% from institutional finance. The scheme debars the funding for mega infrastructural projects which are highly capital intensive and of long-gestation periods. Finance for projects under the scheme is devote to regional/city-wide significance conforming to regional/Metropolitan/Master Plans of the city concerned. A basket type of approach is envisaged for the projects with the cost of projects to be distributed in ratio of 40:30 in respect of A, B, & C category of projects without jeopardizing the viability of the nodal agencies implementing the porjects.

Further, the funds from Central and State Governments are to flow directly to the nodal agency at the city level as Grants to be used for creation of a Revolving fund which in turn could finance projects in future. However, the Committee regret to find that there is a serious mismatch between the schedule of completion of projects with that of a seven year time frame projected for creation of the Revolving Fund at the Mega City level. They are constrained to point out further that assuming there are no cost recoveries possible during the initial years how the Revolving Fund is sought to be put in place by the year 2002. In the Committee's view mere opening of account by Mega City Scheme nodal agencies for creating fund received under the Revolving fund mechanism would not suffice. The Committee desire Government to clearly specify in the guidelines the modalities for creation of Revolving fund as they are ambiguous in the context of creating 75% funds to be retained as corpus of the nodal agency.

Reply of the Government

The Mega City Scheme guidelines provides for creation of Revolving Fund (Corpus Fund) by adopting direct and indirect cost recovery measures in such a way that atleast an amount equal to 75% of the Central and State shares is recovered by way of these measures to form a Revolving Fund by 2002 (at the end of Ninth Plan). The objective is to create and maintain a fund for the development of infrastructure assets on a continuing basis. The objective of creation of Revolving fund can only be achieved when State level nodal agencies follow the principles of (i) "Leveraging" i.e. to use Central share to leverage equal share from State Government and double the amount by tapping Institutional Finance for Mega City development programmes; and (ii) "Packaging" *i.e.,* to take up a package of development programmes conforming to Mega City development plan, consisting of remunerative, no profit and no loss and non-remunerative projects in such a manner that the project basket as a whole is financially viable.

However, as the nodal agencies have requested for change in the specified project mix and institutional finance patterns, the Ministry of Urban Affairs & Employment, in consultation with the State Governments/nodal agencies, would take steps to modify guidelines to specify the modalities for creation of Revolving Fund based on the changes resorted to for mobilisation of Institutional Finance and adoption of direct and indirect cost recovery measures.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Recommendation (Para No. 3.20)

The Committee note that the funds released by Centre to Calcutta and Hyderabad as special Central Assistance before issuance of guidelines are deemed as part of the Central share given under the Scheme. The Committee don't accept this position as funds given under Special Central Assistance are loan whereas the Central share under the Scheme is the grant component.

Further, the Committee note that stipulation of institutional financial share at 50% of project cost to be arranged by the State/nodal agencies in the context of poor credit rating of implementing agencies is a basic flaw of the finance pattern of the Scheme. Accordingly, the poor viability of the nodal agency is leading to a situation where funds from financial institutions are hard to come and whatever little of funds is forthcoming is at exorbitant rates of interest. The interest rates in turn are high owing to the fact that financial institution are to borrow funds from open market. The Committee, therefore, recommend that the stipulation of 50% of funds from institutional finance is not justified and States be permitted to the flexibility depending on the situation prevailing locally at the Mega City level.

Reply of the Government

The issue of treating Special Central Assistance released to the cities of Bombay, Calcutta, Madras and Hyderabad during 1993-94 as central share under the Mega city Scheme, as GRANT was taken up with Planning Commission as well as Department of Expenditure, Ministry of Finance. Although the Planning Commission supported the proposal the Ministry of Finance ruled that the special central assistance goes to non-special category States as 70% loan and 30% grant under Gadgil-Mukherjee formula and that the amount cannot be converted into 100% grant under the scheme of funding of State Plans.

As regards Institutional Finance, the Scheme guidelines already provides the flexibility of substituting Institutional finance as raised by borrowing, with Project Land, private Investment and even contribution by Nodal Agencies from its own resources, as in the case of Mumbai. Further, the root cause of non-availability of Institutional Finance lies at the lack of adoption of appropriate Cost Recovery Policies by Mega City Scheme Nodal/Implementing Agencies which is the first condition of financial institutions. Therefore, it is desirable that the provision of indicative share of 50% Institutional Finance should not be relaxed in the interest of basic aim of the scheme.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Recommendation (Para No. 3.33)

The Committee note that the Mega City Scheme guidelines provide that project land and generation of private investment can partially substitute for institutional finance. However, it is regrettable to point out that so far nothing substantive has been done by any of the Mega City Nodal agencies for undertaking projects based on public-private partnerships such as BOT, BOOT and BOLT etc. Ministry of Finance has suggested that since long term funds are required for the purpose of Mega City projects, the financial institutions could issue long term bonds with certain tax concessions while the second portion is to gain access to pension and Provident Fund moneys which are of long term nature. Secondly, funding by multilateral external borrowing too could be explored for the purpose. Besides these, the Committee feel that Government should encourage the States to use innovative methods of raising resources by imposition of special levies as is being done by HUDA in Hyderabad by way of levying special development charges through which the agency expects to raise Rs. 15 crores per annum on this account alone. The Committee therefore, urge the Government to take steps to assist the nodal agencies in generating resources through innovative means which would also go a long way in improving the viability of the nodal agencies in the long run.

Reply of the Government

Since the inception of the Mega City Scheme the Ministry of Urban Affairs & Employment has been suggesting to the State Governments/ nodal agencies, the direct and indirect methods of raising resources by imposition of special levies, user charges, special taxes on the facilities used by the consumers by creation of infrastructural facilities so that the viability of the scheme could be maintained. The State Government of Andhra Pradesh has, accordingly, placed prime lands in the twin cities of Hyderabad and Secunderabad at the disposal of Hyderabad Urban Development Authority (HUDA) to use the amount realised by their auction for execution of schemes under the Mega City Project. Further, Calcutta Metropolitan Development Authority (CMDA) has issued non-SLR Bonds amounting to Rs. 89.50 crores.

In addition the Ministry is also taking up the matter of providing fiscal concessions/incentives to promote corporate/private investment in the vital urban infrastructure sector. These include (i) concession for operationalising of municipal bond market in India; (ii) access of urban infrastructure projects to Priority Sector Funding; (iii) investment by long term capital—insurance/provident/pension funds in infrastructure bonds issued by infrastructure financing agencies like HUDCO, IL & FS etc.; (iv) special income tax concession for owned as well as leased and other forms of urban infrastructure including BOT, BOOT, BOLT projects. In fact accepting the suggestions of this Ministry the Central Board of Direct Taxes has already extended "infrastructure facility" under section-80IA of the Income Tax Act to (a) Mass Rapid Transit System; (b) Light Rail Transit System: (c) Expressways; (d) Intra-urban/ peri-urban roads like ring roads/urban by-passes/flyovers; (e) Bus and truck terminals; and Subways.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt. dated 22-01-98]

Recommendation (Para No. 3.34)

The Committee, after examination have found that there is no appropriate Financial Institution to refinance the Mega Scheme. HUDCO is the only institute to refinance the Scheme which is primarily dependent on market borrowing. The cost of deposits with HUDCO are so high and HUDCO could provide the finance including service charges at the rate of interest *i.e.* very high as 19%. Therefore, unless the cost of deposit with HUDCO comes down, they cannot finance the Scheme at lower rate of interest. The Committee observe that at present there is no appropriate refinancing agency on the pattern of NABARD for the rural areas and therefore would like to recommend that necessary changes in the HUDGO mandate should be made so that resources are available at the reduced cost of deposits to refinance the programme under the scheme.

Further the Committee note that HUDCO applies the uniform approach to provide finance to different types of urban areas *viz.* Developed Area, Panchayat Area, Town Area etc. under the same Mega City. The Committee feel that HUDCO should provide finance at differential rate of interest keeping in view the type of area and their level of development and urban services, for which finance is given so that integrated development takes place in such areas.

Reply of the Government

For financing infrastructure development projects including roads, highways, ports, sewerage, water supply, sanitation etc. a new institution namely Infrastructure Development Finance Corporation (IDFG) has been set up by Ministry of Finance as a non-government company with an authorised capital of Rs. 5000 crores with the participation of R.B.I., UTI, IFCI, ICICI and IDBI etc. This would help in mobilising more funds for urban infrastructure scheme which is at present catered to by HUDCO alone.

HUDCO has since reviewed and revised the interest rates for urban infrastructure schemes in Mega cities. As per revised pattern the applicable net annual rate of interest has been reduced from 19% to 16% and 16.5% depending on the types of projects to be undertaken. Copy of the interest rate of HUDCO financed urban infrastructure schemes is at Appendix-II. It may be noted that the applicable rate of interest has been revised on the basis of type of projects to be implemented. While the applicable net annual rate of interest for water supply, sewerage, drainage, solid waste management and integrated water supply scheme have been kept at 16%, the same for roads, bridges, area development, airports, ports, transport nagar and terminals have been kept at 16.5%.

[Ministry of Urban Affairs & Employment (Department of Urban Development and Poverty Alleviation) O.M. No. H-11013/4/97-Bt. dated 22-01-98]

Recommendation (Para No. 4.5)

The Committee note that Mega City Scheme guidelines entrusted the monitoring of the progress of the Scheme to the State Level Sanctioning Committee while the Ministry just hold informal reviews. They are constrained to observe that though the Scheme is entering its fifth year (1997-98) of operation, the Ministry has held only two meetings at Delhi on 6-5-94 and 10-10-95 to review the progress of the Schedule. No review meeting was held by the nodal Ministry of Urban Affairs & Employment after 10-10-95 so far. It is also pertinent to note here that some of the State sanctioning Committees have held only one meeting as in the case of Mumbai and none of the State Sanctioning Committee have held more than 3 meetings.

The Committee cannot but conclude that the review meetings have been very few and far between and that basically these meetings held by the State Sanctioning Committee have held primarily to sanction projects under the scheme. They are of the opinion that more review meetings would have accelerated the progress of the projects under the Scheme. The Committee, therefore, desire that nodal Ministry of Urban Affairs & Employment should hold frequent review meetings and also direct the States to tone up the functioning of the State Level Sanctioning Committees entrusted with the responsibility of monitoring and review of the progress of projects under the scheme. The Committee would like to be apprised of the action taken by the Government in this regard.

Reply of the Government

The Ministry of Urban Affairs & Employment held a meeting on 11-6-97 to review the implementation of Mega City Scheme and it has further been decided to hold such review meetings every six month, on rotation, in the Mega Cities. Further, the Ministry has also instructed the Nodal agencies for holding State Level Sanctioning Committee meetings at regular intervals for monitoring & review of the progress of projects being implementing under Mega City Scheme.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Recommendation (Para No. 5.4)

The Committee note that one of the shortcomings observed and recognised by the Government in the implementation of Mega City Scheme is in the areas of proper appraisal of projects posed to the Sanctioning Committee and arranging institutional finance for them. The Committee further note that at a two day workshop on Mega City projects held at Calcutta in September, 1996 it was also agreed upon that the Scheme need to be made more flexible to suit the local requirements. The Committee desire that Government should take appropriate steps to make the Scheme more flexible as agreed upon in the workshop at the earliest. They would like to be appraised of the steps taken in this direction.

Reply of the Government

So far as technical and financial appraisal of the projects placed before the Sanctioning Committee for approval is concerned, the Nodal agencies have been instructed to provide the appraisal of the projects to all the members of the State level project Sanctioning Committees well-in-advance before the meeting. The nodal agencies can appoint consultants for the preparation of projects. To make the Scheme more flexible as discussed in the two-day workshop on Mega City Scheme, the State Governments have been impressed that the ratios for remunerative, user charge-based and social service-oriented projects are "indicative". Subject to the important stipulation of creation of "revolving fund" for self-sustaining infrastructure development, the State Governments/nodal agencies have the desired flexibility in choosing projects and cost recovery instruments: direct and indirect.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Recommendation (Para No. 5.11)

The Committee form their experience gathered by the on-the-spot study visit to the concerned five Mega Cities have observed that ULBs the main implementing agencies of the projects under the scheme have neither the financial nor technical expertise for project appraisal and project evaluation. They are not equipped with the latest updated technology to execute these projects. The Committee feel that due to lack of financial and technical expertise, lot of burden is coming on the nodal agencies which is adversely affecting the implementation of the projects. Another area of concern is the maintenance of assets created under the Scheme. The financial and technical inability of ULB's is adversely affecting the credit worthiness which is essential to mobilise additional resources from the market to face the challenges of urban infrastructure and urban quality of life. Besides it also affects the maintenance of assets too. In these circumstances the Committee would like to recommend that Government should take the necessary measures for capacity building of Urban Local Bodies within the parameters of the Scheme. They would also like that there should be some in-built mechanism in the guidelines to provide certain fixed % of funds for maintenance of infrastructure/assets created under the scheme.

Reply of the Government

The main objective of the Mega City Scheme is not only to upgrade and finance the Urban Infrastructure facilities in the Mega Cities but also to effect financial and institutional reforms in the nodal/ implementing agencies and local bodies involved in the scheme, as envisaged in the Constitution 74th (Amendment) Act, 1992. The Mega City Scheme guidelines make it obligatory for the state governments to strengthen their implementing agencies suitably (particularly with regard to project appraisal and financial management) to enable them to discharge their coordinating and implementing roles for projects and fund management functions effectively. Keeping this in view, 0.75% of the total budget provision available under Mega City Scheme is earmarked for project-releated studies, upgradation of MIS facilities in the agencies, evaluation of plans etc. Regarding capacity building of local bodies in a longer run, a scheme on urban capacity building has been posed to the Planning Commission for inclusion in the 9th Plan. The Plan document is not yet finalised.

Regarding maintenance of project assets, the mega city scheme stipulates adoption of appropriate cost recovery instruments, not only to repay the borrowed funds but also to create and maintain the facilities. Cost recovery could be direct or indirect - deploying 'users pay', 'beneficiaries pay' and 'polluters pay' strategies. The poor could be cross-subsidised. The nodal agencies have been impressed that there can be no free lunch and costs have to be recovered either by charges or taxes. The Ministry has taken up with the State Governments to adopt inovative methods to mobilise funds for asset creation and maintenance on a sustaining basis.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/3/97-Bt dated 22-01-98]

Comments of the Committee

(Please *see* paragraph No. 21 of Chapter-I of the Report)

Recommendation (Para No. 5.22)

The Committee's examination of the Mega City Scheme revealed that there is total absence of interaction between the nodal agencies implementing the Scheme on aspects of mutual interest. There is also no institutionalised mechanism by which different nodal agencies could come together, discuss and deliberate upon their achievements, shortcomings and systemic deficiencies encountered during implementation of projects. This is resulting in a situation where each nodal agency is in a proverbial position akin to that of a frog in a well each not knowing what the other outside is doing.

Reply of the Government

The Ministry of Urban Affairs & Employment has been holding regular review meetings to monitor the implementation of the Mega City Scheme in different states and to provide a platform for interaction among Nodal agencies on one hand and between nodal agencies and the Ministry on the other. In the review meetings, the views of the Nodal agencies on various matters concerning the implementation of Mega City Scheme are obtained and issues of deficiencies are discussed in order to evolve a holistic approach/solution to the problems.

Recently, the Ministry of Urban Affairs & Employment has also started conducting Zonal Review Meetings which are held in any of the State Headquarters to discuss achievements, problems, shortcomings relating to schemes of IDSMT and Mega City, attended by 4-5 states of that zone. This is a step towards creation of institutionalised mechanism for interaction between state government agencies on matters of mutual interest. The first such meeting was held at Chennai on 16.11.97 where representatives of states of Tamil Nadu, Andhra Pradesh, Karnataka and Kerala & UT of Pondicherry & Nodal agencies participated in deliberations.

In addition to review meetings, issues pertaining to coordination and implementation of mega city scheme are sorted out at the state level when the Sanctioning Committees meet.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/3/97-Bt dated 22-01-98]

Recommendation (Para No. 5.23)

The Committee, therefore, desire the Government to set up an apex institute of Urban Development at the national level which could give exposure to the men at the grassroots level, tone up this skills, coordinates and provide a forum to interact to various agencies engaged with task of Urban Development throughout the country. This organisation could be set up on the lines of National Institute of Rural Development, Hyderabad. The Committee desire to be informed of the action taken in this regard.

Reply of the Government

The Ministry of Urban Affairs & Employment has proposed to set up a National Institute of Urban Development with a view to lay emphasis on research, training and development on Urban sector policies, problems and programmes from a multi disciplinary angle. The National Institute of Urban Development will be set up preferably in the Southern part of India as National Institute of Urban Affairs is located at Delhi. For this purpose, the Ministry has already written to Planning Commission for budgetary provisions in the Ninth Five Year Plan period.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

CHAPTER III

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

Recommendaton (Para No. 2.10)

The Committee giving the interaction with the State Nodal agencies observe that while urban development as a whole and the Mega City Scheme in particular envisages a holistic approach, the very nature of some of these nodal agencies and the infrastructure available to them raises questions about their adequateness to adress the kind of concerns that the scheme is expected to face *e.g.* Metropolitan Infrastructure Development Corporation (MIDC) of Chennai appears it specifically created to address to this kind of scheme, whereas MMDA (Madras Metropolitan Development Agency) renamed as Chennai Metropolitan Development Agency (CMDA) appears to have been invested with the experience of Regional Urban Planning and Development which is very necessary to address the nature of issues arising out of tasks of planning and coordination of Mega City Scheme. Apart from increasing administrative cost due to multiplication of agency the nature of new agencies also appear to be over stressing the financial aspect of the scheme at the cost of other aspects.

Reply of the Government

As per the Mega Cities Scheme guidelines, the State Government is required to designate one institution as the coordinating and monitoring agency for the entire range of Mega City Project activities. the State Governments were given the option of choosing the appropriate agency (*e.g.* Infrastructure Development Finance Corporation - with a company form of management or Development Authority) as the nodal agency. This agency's role is to mobilise resources and monitor implementation of various projects. It is responsible for the creation of Revolving Fund for self-sustaining urban infrastructure development under the scheme. While Mumbai, Calcutta and Hyderabad chose to make the concerned Urban Development

Authority as the nodal agency, Chennai and Bangalore chose the Urban Infrastructure Corporation. The Government of Karnataka designated the existing Karnataka Urban Infrastructure Development Finance Corporation (KUIDFC) as the nodal agency for the Mega City Scheme; the Government of Tamil Nadu created a new entity called Metropolitan Infrastructure Development Corporation (MIDC) for the purpose. Subsequently, GoTN has decided to entrust the nodal role to Tamil Nadu Urban Finance and Infrastructure Development Corporation (TUFIDCO).

The main objectives of Mega City Scheme are (i) creation of a Revolving fund for sustained development of infrastructure by leveraging market funds and adopting direct and indirect cost recovery instruments and (ii) undertaking a judicious package of remunerative, user charge-based and service-oriented projects to implement metropolitan development plans. Thus, Infrastructure Finance Corporation and Development Authority could both be considered as appropriate agencies. The former is suitable for creation of a revolving fund. The latter is suitable for project planning. The Mega City Scheme makes a distinction between creation of revolving fund and project implementation aspects. Implementation of projects could be taken up by Development Authority, Municipal Corporation, Metro Water Board, transport Undertaking, Tourism Corporation, etc. No single agency can implement the development plan. The nodal agency's role is to monitor projects. The Scheme, however, stipulates that whoever be the implementing agency, the projects to be undertaken must be as per metropolitan development plan or should be of citywide significance. The aspect is to be looked after by the State level Mega City Scheme Sanctioning Committee. It was the State Governments who chose the nodal agencies as per the Scheme Guidelines.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/3/97-Bt dated 22-01-98]

Recommendation (Para No. 2.11)

The Committee further note that in Madras and Hyderabad Mega City category 'A' type of projects have been given precedence over category 'B' and 'C' type of projects. The position as explained in Annexure is as below:—

Madras	Total number of projects	—	41
	Category A	—	20
	Category B	—	4
	Category C	—	17
Hyderabad	Total number of projects	—	15
	Category A	—	6
	Category B	—	3
	Category C	—	6

It appears that the Sanctioning Committee while approving the projects is giving precedence to the financial aspects and ignoring other aspects which reinforces quality of urban life. The Committee would like that projects and other schemes should be financed in a judicious mix for the integrated development of the Mega Cities.

Reply of the Government

The project mix of 40:30:30 for Remunerative. User Charge Based & Service-Oriented/Non-Remunerative Projects is only an indicative ratio. It is stipulated that to the extent the remunerative schemes generate adequate surplus, a certain percentage of non-remunerative projects can be financed while making the overall basket of projects financially viable. Further Mega City Scheme is an "Area Development" scheme and not a beneficiary-oriented programme. However, the proposals are being formulated taking into consideration both the necessity of the scheme and the extent to which the scheme contributes to the enhancement of quality of life by upgradation of infrastructure and simultaneously maintaining ratios between the three categories.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Recommendation (Para No. 5.16)

The Mega City Scheme guidelines entail the responsibility for acquisition of land for purposes of project implementation on the nodal agencies. One major hindrance in the acquisition of land is the present Urban Land Ceiling Act (ULCA) which in the opinion of many State Govts./Nodal agencies is the main stumbling blcok in the acquisition of surplus land for financing projects under the Scheme. The Committee further note that to remote the anomalies in ULC Act, a Committee headed by Secretary, Urban Development was set up and that they are in the process of giving their recommendation shortly to enable the Law Ministry to formulate draft amendments to the Act. The Committee are of the view that land as scarce resource, could be used as capital to finance projects under the Scheme since many Central Government Ministries own large tracts of surplus land given by the State at some point of time for certain specific purpose which at present are lying unutilised/underutilised. They desire that the Committee headed by Secretary, Urban Development should expedite its recommendations in respect of formulating amendments to ULC Act, so that a comprehensive legislation is brought forward to amend the Act. The Committee would like to be informed of the action taken by Government in the matter.

The Committee also note that they in their 8th Report had recommended to explore the possibilities of simplifying the judicial process for speedy decisions of the cases pending in different courts of the country under Land Acquisition Act. They would like to reiterate their earlier recommendation and would like that it should be considered while formulating the amendments to the proposed Urban Land Ceiling Act.

Reply of the Government

The question of amending the Urban Land (Ceiling & Regulation) Act, 1976 has been under consideration of the Govt. since long. In order to expedite the process, an Inter-Governmental Committee was constituted under the Chairmanship of Secretary (UD) with representatives of a few selected States and concerned Departments/ Agencies of the Central Government as members. The Committee has suggested possible amendments to the Act in its report submitted in April, 1997.

On the basis of deliberations held in Chief Ministers' Conference, recommendations made by National Commission on Urbanisation, suggestions received from the State Governments and the recommendations made by inter-Governmental Committee, a draft Note for the Cabinet, containing amendment proposals, has been prepared. The DCN has been circulated to various concerned Ministries/ Departments for eliciting their views on the amendment proposals. Thereafter, the final Note for the Cabinet will be placed before the Cabinet for its consideration.

The proposed amendments are formulated in order to make the Act more workable by shifting its thrust from aquisition to development of excess vacant land. Once the amendments take place, supply of urban land is likely to increase and the court cases are also likely to be reduced considerably.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Recommendation (Para No. 5.19)

The Committee note that pre-fabrication technology is increasingly being used by many of the Nodal Agencies implementing projects under the scheme to complete projects such as constitution of fly-overs, bridges etc. expeditiously to avoid time and cost over runs as also to minimise the disruption of traffic during construction. However, the Committee are constrained to observe that, the last Union Budget (1996-97) has treated this use of pre-fabricated technology as manufacturing activity and levied excise duties on the same resulting in huge cost escalation of projects under the Mega cities scheme to the extent of more then 20%. The Committee are of the opinion that the pre-fabrication activities should be exempted from the above execise provisions as they are only part of the overall project constructions. This is all the more important when viewed in the context of growing urbanization and problems associated with it. The Committee, therefore desire the Ministry of Urban Affairs and Employment to take up the matter with the Ministry of Finance and apprise the Committee of the results of the efforts made in this regard at an early date.

Reply of the Government

Various construction materials fabricated and manufactured at the projects size for use in the said projects are exempted from excise duty. Goods of stone, Plaster, Cement, asbestos, mica or similar materials, manufactured at the site of construction for use in construction work at such site and light weight (solid or hollow) concrete buildings blocks, falling under chapter heading 68-07 of the

Central Excise Tarriff Act, 1985 are already exempted from whole of the excise duty leviable thereon in terms of Sl. No. 154 (iii) and (iv) of Govt. Notification No. 4/97-Central Excise dated 1.3.98. Further, structures and parts of structures of iron and steel fabricated at the site of work for use in construction work at such site, falling under Chapter sub-heading 7308-50 of the Central Excise Tariff Act, 1985 are also exempted from the whole of the excise duty leviable thereon.

Hence the benefit of excise duty exemption is already available to a large variety of pre-fabricated materials used in various infrastructure projects in urban areas. The Deptt. of Urban Employment and Poverty Alleviation is examining issue further.

[Ministry of Urban Affairs & Employment (Department of Urban Employment & Poverty Alleviation) O.M. No. H-11013/4/97-Bt dated 22-01-98]

CHAPTER IV

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

Recommendation (Para No. 2.12)

The Committee note that Mega City Scheme is being implemented in the five Metro/Mega Cities of Mumbai, Calcutta, Chennai, Hyderabad & Bangalore with projects falling under the categories of remunerative or bankable, projects where certain user charges could be levied and projects for basic services entirely dependent on Grants from Central/State Governments. These projects are sanctioned by a State Level Sanctioning Committee comprising officials of the State/Nodal agencies implementing projects/Central Government including Planning Commission and representative of financial Institutions as special invitees. Since the inception of the Scheme in 1993-94. 154 projects costing Rs. 1246.66 crores in the five Mega Cities have been approved by the State Level Sanctioning Committee upto 30-6-96 for implementation by the Nodal agencies while 11 projects (as on 15-9-96) have been completed in only Chennai. The Committee are surprised to note that at the time of starting the Scheme, there were no individual project reports available for specific schemes while Planning Commission has allocated Rs. 700 crores for the five cities based on the broad indication of the total cost of projects of approx Rs. 5000 crores that could be taken up during the 8th and 9th plan. The Committee can only conclude that no proper projects were on hand at the time of inception and clearance of the Scheme by the Planning Commission. They, therefore, are of the view that proper planning lacking both on the part of the Planning Commission and nodal Ministry of Urban Affairs & Employment and therefore, caution that such an attitude should not recur in future and that without adequate planning and preparing the ground work *viz.* preparation and formulation of guidelines, no scheme should be launched for implementation.

Reply of the Government

Before the start of Mega City Scheme, Special Central Assistance was being provided by the Planning Commission to the selected states under State Plan for special problems being faced by major cities in the basic infrastructure sector. The Mega City Scheme was conceptualised in 1993-94 after a lot of discussions by the Planning Commission with the State Governments and this Ministry with a view to create a Revolving fund in these cities to undertake infrastructure Projects on a sustained basis. For this scheme, the central share is released to the extent of 25% of total project cost and rest 75% to be raised by State Government (25% by way of State share and 50% by Institutional Finance). As the mobilisation of institutional finance calls for detail steps at the stage of Project Report preparation itself and as the infrastructure projects have long gestation period, the projects taken for implementation under Mega City Scheme would start completing from 1997-98 onwards. Upto April, 1997, 14 projects have been completed under Mega City Scheme. Further, the projects, being implemented with special central assistance earlier were taken for implementation under Mega City Scheme during 1993-94 & 1994-95.

As regards, allocation for Mega City Scheme, Planning Commission had only notionally indicated an allocation of Rs. 700 crores for the 8th Five Year Plan Period. However, only Rs. 312 crores was provided in the budget out of which Rs. 290 crore only were released.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Comments of the Committee

(Please *see* Paragraph No. 9 of Chapter-I of the Report)

Recommendation (Para No. 3.19)

The Committee note that Mega City Scheme envisaged as 8th Plan outlay of Rs. 700 crores. Rs. 200 crores for Mumbai & Calcutta and Rs. 100 crores each to Chennai, Hyderabad and Bangalore. The Central share released upto 1996-97 to the five Mega Cities stands at Rs. 311.50 crores. However, the Committee are distressed to note that the actual release of funds from the centre has not even touched the half way mark of the Rs. 350 crores upto the year 1996-97. On the contrary, except for Mumbai, all other State Governments have matched their equal share towards project cost and States like Tamil Nadu and West Bengal have contributed much more than their shares. They are further anguished to note that between the Ministry of Finance and Urban Affairs & Employment and the Planning Commission none is able to throw any light as to which of these Ministries is responsible for under funding and consequent poor performances. The Committee are perturbed to note that the onus for all this is being attributed to the overall position of budgetary deficit of the Central Government. The Committee are of the firm opinion that low allocations result in vicious cycle of under spending and further lower allocations in subsequent years. The Committee, therefore, desire that allocations envisaged at the time of formulation of schemes should be adhered to the extent possible so that the desired results are attained and the objectives of the scheme do not get diluted leading to failure of the Scheme as such.

The Committee further observe that Mega Cities are required to furnish the Utilisation Certificate at the time of requisitioning the next instalment. They view that the said scheme is meant for creating infrastructure assets which have long gestation period. The stop of money by the Centre on the pretext of not furnishing Utilisation Certificate would result in the delay of completion of projects thereby causing time and cost overruns. The Committee cannot overlook the importance of proper monitoring of the scheme by way of requiring the Utilisation Certificates by the concerned Mega Cities but they would also like that a more flexible approach should be adopted by the Centre and funds are released timely to the concerned Mega Cities.

Reply of the Government

The Planning Commission had notionally indicated an outlay of Rs. 700 crores for Mega City Scheme for the 8th Five Year Plan. However, the budgetary outlay was Rs. 312 crores, out of which an amount of Rs. 290 crores only was released as there were further budgetary cuts imposed by the Ministry of Finance. The Ministry of Urban Affairs & Employment has written to Planning Commission for enhancement of allocation under the scheme in the 9th Five Year Plan Period, in order to ensure constant flow of funds to the nodal agencies for projects being implemented under the Mega City Scheme.

The Ministry of Urban Affairs & Employment is adopting a flexible approach, as the first instalment of funds (approximately half of the Budget Provision) under the scheme is normally released to nodal agencies without insisting for Utilisation Certificate. The utilisation certificates and other formalities like State Share etc. are required for release of second instalment.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M. No. H-11013/4/97-Bt dated 22-01-98]

Comments of the Committee

(Please *see* Paragraph No. 12 of Chapter-I of the Report)

Recommendation (Para No. 5.9)

The Committee note that Mega City Scheme guideline recognize the need for effecting financial and institutional reforms as envisaged in the Constitution 74th Amendment Act to enable to promote the Scheme as available for urban sector reforms. They are of the considered opinion that these financial and institutional reforms envisaged in the 74th Constitution Amendment Act through the promotion of the Mega City Scheme can not be attained unless the Urban Local Bodies (ULBs) are involved in the implementation of the projects under the scheme. The Committee's examination of the Scheme revealed that the involvement of ULBs and their elected representatives is very minimal at present. Apart from the Metropolitan Planning Committees, the District Planning Committees are yet to be operationalised in most of the places. Also, no fixed time limit has been set for the same under the Act. They further note that a Committee was set up by Government which reported on the manner in which these Distt/Metropolitan Planning Committees could be operationalised. The Committee strongly feel that Government should take steps to expedite the process of operationalising the provisions of the Act for creation of Distt./Metropolitan Planning Committee to make the in-take part effectively in implementing the projects under the Mega City Scheme as also devolve more powers to ULBs so that they could contribute to raise resources thereby helping to operationalise the Revolving Fund which is one of the prime objectives of the Mega City Scheme. The Committee may be apprised of the steps taken by the Government in this respect.

Reply of the Government

Article 2.43 ZD of the Constitution provides that there shall be constituted in every State at the District Level a District Planning Committee to consolidate the Plans prepared by the Panchayats and the Municipalities in the District and to prepare a draft Development Plan for the District as a whole. Similarly, Article 243 ZE provides that there shall be constituted in every Metropolitan Area a Metropolitan Planning Committee to prepare a draft Development Plan for the Metropolitan Area as a whole. The provision in the Constitution for DPCs and MPCs visualise a concept of participatory and integrated regional planning. These provisions are relatively new to many States and, therefore, the implementation of the same has been slow. Despite passage of almost three years, many States are yet to implement the constitutional mandate to constitute DPCs and MPCs. So far only the States of Tripura, Kerala, Madhya Pradesh, West Bengal, Andaman & Nicobar Islands and Daman & Diu have constituted the DPCs. MPCs have been constituted only in Kerala.

In the absence of clarity regarding composition, functions and finances of Planning Committees and how the Metropolitan and District Development Plans could be integrated with the State Plan and the National Five Year planning process, the States are facing difficulty in formation of these Committees. This Ministry has been continuously emphasising that the constitution of DPCs and MPCs is mandatory and the State Governments should constitute these Committee without further loss of time.

Since the 74th Amendment is the first ever initiative to bring an institutional mechanism for the preparation of Development Plan for District and Metropolitan areas, there is a need to suggest guidelines to State Governments for the speedy operationalisation of the mandatory provisions in the 73rd and 74th Amendment Acts regarding DPCs and MPCs. In this context, the Ministry of Urban Affairs and Employment and the Ministry of Rural Areas and Employment have jointly proposed to conduct a National Meet of State Ministers In-charge of Rural Development/Panchayati Raj, Urban development and Planning to discuss the implementation of the constitutional provisions regarding integration of urban and rural planning. The National Institute of Rural Development (NIRD), Hyderabad & has been identified to make necessary arrangements for this Meeting with the assistance of National Institute of Urban Affairs (NIUA), New Delhi. The NIRD has constituted a Steering Committee comprising representatives from both the Ministries, NIUA, Planning Commission, etc. Two Meetings of the Steering Committee have been held so far. The NIRD has also constituted an Expert Committee to prepare Agenda/Guidelines for the constitution/operationalisation of DPCs and MPCs.

The above National Meet is likely to be held in mid November, 1997 at New Delhi. After the guidelines for operationalisation of DPC/MPC provisions are approved in the above National Meet, the same will be circulated to the State Governments for necessary action.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M.No.H-11013/4/97-Bt. dated 22-1-98]

Comments of the Committee

(Please *see* Paragraph No. 15 of Chapter-I of the Report)

Recommendation (Para No. 5.10)

The Committee note that the key to success for Mega City Schemes is the all-round empowerment of the Urban Local Bodies (ULBs). The proper devolution of revenue raising powers is most crucial to the process. While ULBs will have to move towards the tarrification of its services and the consequent fee based income. Of course, given the context of varying level of income and economic empowerment of the citizenary, these tariffs will have be graded making cross subsidy an inbuilt element of such an exercise. It is on this increased financial self reliance and improved financial management that the credit worthiness of the ULBs can be strengthened. This will lead to the reinforcement of ULB's capacity to mobilise additional resources for the market which is crucial for facing the challenges of urban infrastructure and improved quality of life. But these effort cannot exclude the need for augmenting the revenue earning from the property tax. The Committee feel that the continuous inability of ULBs to tax the properties of Central and State property is not in tune with the declaration of devolution of financial power as enshrined in the constitutional 74th Amendment. The Committee would therefore like to recommend that the Government should make suitable legislative amendment to rectify the errors.

Reply of the Government

The Ministry of Urban Affairs and Employment constituted a Working Group on Taxation of Government Properties in India under the Chairmanship of Shri D.M. Sukthankar, former Secretary in the Minister and Chief Secretary, Government of Maharashtra. The Group consisted of representatives of Union Ministries of Finance, Home, Railways, Surface Transport, Civil Aviation, Defence and Communications, representatives of selected State Governments and Municipal Corporations.

2. The Working Group examined the constitutional history for incorporation of Article 285 in the Constitution of India. The Working Group also took note of the Constituent Assembly debates for incorporation of Article 285 in the Constitution. The Working Group examined the four Government Orders issued by the Ministry of

Finance on 10.5.1994, 29.3.1967, 28.5.1976 and 26.8.1986 relating to payment of service charges to local bodies in respect of Central Government properties.

3. It took note of the case law in the matter of various Central Government Establishments Vs. Local Bodies, according to which the Government properties "vested" in statutory bodies and public sector undertaking would no longer enjoy the protection of Article 285 and would be taxed at par with other properties.

4. The Working Group could not arrive at a consensus as to whether such properties should pay taxes or service charges. The State Government and Municipal Corporation representatives had favoured for a Central Act for taxation of Central Government Properties. However, the representative of Central Ministries agreed for payment of service charges as per the existing Orders of the Ministry of Finance and also replacing these Orders by an Act of Parliament. On the basis of ground work done by the Working Group, this Ministry is considering the report for enacting a suitable Central Legislation to regulate the levy of service charges on Government Properties.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M.No.-H-11013/4/97-Bt. dated 22-01-98]

Comments of the Committee

(Please *see* Paragraph No. 18 of Chapter-I of the Report)

Recommendation (Para No. 5.15)

The Committee during their visit to respective Mega Cities have observed that land is the major area of concern in those Mega Cities except in Hyderabad where due to historical reasons land is available. They feel that during the recent years the prices of land have skyrocketed. It is observed that large tracts of land are available with the different Central Government agencies lying unutilised. The Committee would like to recommend that such land which don't confirm to the old land use plan and is lying unutilised should be put for productive use as a major resource for infrastructure-building in conformity with the existing laws of the country. This will certainly go a long way in creation of in durable infrastructure for Mega Cities.

The Committee also note that there are several bottlenecks present in the acquisition of land for implementation of projects under the Mega City Scheme by the nodal agencies. They further observe that certain cases remain pending in the courts for a pretty long time. Consequently the Government as well as the affected persons are deprived of timely benefits which might accrue to them by virtue of that land.

Reply of the Government

For supplementing the requirement of institutional finance under the Mega City Scheme, the Ministry of Urban Affairs & employment has stressed on the need of using land as a resources in a variety of ways for financing Urban Infrastructure Projects, in lieu of borrowing/ institutional finance. State Governments have been addressed in the matter. A Note on the use of Central Government land as a resource has also been prepared to enable the Cabinet to consider various issues.

Considering the bottlenecks present in the acquisition of land for implementation of project under urban development schemes and the problems of prolonged court ligation, the Ministry has initiated steps for the preparation of a model separate law for land acquisition in urban areas—to be circulated to the state governments.

[Ministry of Urban Affairs & Employment (Department of Urban Development) O.M.No.-H-11013/3/97-Bt. dated 22-01-98]

Comments of the Committee

(Please *see* Paragraph No. 24 of Chapter-I of the Report)

CHAPTER V

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

— NIL —

NEW DELHI;
11 March, 1999
20 Phalguna, 1920 (Saka)

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

APPENDIX I

COMMITTEE ON URBAN & RURAL DEVELOPMENT (1998-99)

EXTRACT OF THE MINUTES OF THE 33RD SITTING OF THE COMMITTEE ON URBAN & RURAL DEVELOPMENT HELD ON MONDAY, THE 25TH JANUARY, 1999 IN COMMITTEE ROOM 'E' PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee sat from 1100 hrs. to 1245 hrs.

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 Shivraj Singh Chouhan
7. Shri Mitha Lal Jain
8. Shri Subhash Maharia
9. Shri Bir Singh Mahato
10. Shri Subrata Mukherjee
11. Shrimati Ranee Narah
12. Shri Mullappally Ramachandran
13. Shri Gaddam Ganga Reddy
14. Shri Vithal Baburao Tupe
15. Dr. Ram Vilas Vedanti

Rajya Sabha

16. Shri Nilotpal Basu
17. Dr. M.N. Das

18. Shri N.R. Dasari

19. Shri John F. Fernandes

20. Shri C. Apok Jamir

21. Shri Onkar Singh Lakhawat

22. Prof. A. Lakshmisagar

23. Shri Suryabhan Patil Vahadane

SECRETARIAT

1. Shri S.C. Rastogi	—	Director
2. Smt. Sudesh Luthra	—	Under Secretary
3. Shri P.V.L.N. Murthy	—	Assistant Director

2. At the outset, the Chairman welcomed the members to the sitting of the Committee.

Consideration of draft Action Taken Reports

3. The Committee then took up for consideration Memorandum No. 3 regarding draft Report on action taken by the Government on the recommendation contained in the Sixth Report of the Committee (11th Lok Sabha) on Mega City replies furnished by the Government to their recommendations contained in para Nos. 3, 19, 5.10 & 5.15 of the Sixth Report on the Mega City Scheme were not satisfactory and should be commented upon in Chapter I. After some discussion, the Committee decided that these paras should also be suitably commented upon. Subject to this observation, the Committee adopted the draft action taken Report.

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

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

6. The Committee, then authorised the Chairman, to finalise the said draft action taken Reports on the basis of factual verification from the concerned Ministries/Departments. The Committee then adjourned to meet at 1500 hrs. on 9th February, 1999.

**** Relevant portions of the minutes not related to the subject have been kept separate.

APPENDIX II

STATEMENT TO RECOMMENDATION (PARA 3.34)

2. INTEREST RATE STRUCTURE FOR URBAN INFRASTRUCTURE SCHEMES

	Category	Approved in 236th Meeting on 29.7.97 Net	Approved in the 238th Meeting Net
A.	COMMERCIAL		
	Private Agencies	20%	19%
	Govt. & Quasi Govt. Agencies/Joint Sector	19%	18%
	Corporate Office (for Self Occupation) (Public Ltd. Companies)	20%	18%
B.	SOCIAL INFRASTRUCTURE	18%	17%
C.	URBAN UTILITY INFRASTRUCTURE FOR ALL CITIES		
	Roads, Bridges, Area Development, Airports, Ports, Transport Nagars, Terminals.	16.5%	16.5%
	Water Supply, Sewaerage, Drainage, Solid Waste Management, Integrated Water Supply.	16%	16%

Note:

The Rates will take effect from 18.09.1997.

For tenure of Loan more than 10 years and upto 15 years 1% extra interest will be charged.

APPENDIX III

[*Vide* Para 4 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SIXTH REPORT OF THE STANDING COMMITTEE ON URBAN & RURAL DEVELOPMENT (11TH LOK SABHA)

I.	Total number of Recommendations	25
II.	Recommendations that have been accepted by the Government	
	(Para Nos. 1.8,1.9,1.15,1.16,1.17,2.16,2.21, 3.8,3.20,3.33,3.34,4.5,5.4,5.11,5.22 and 5.23)	16
	Percentage to Total	64%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies.	
	(Para Nos. 2.10, 2.11, 5.16 and 5.19)	4
	Percentage to Total	16%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee	
	(Para Nos. 2.12, 3.19, 5.9, 5.10 and 5.15)	5
	Percentage to Total	20%
V.	Recommendations in respect of which final replies of the Government are still awaited	Nil.
	Percentage to Total	—