

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:1982

ANSWERED ON:08.03.2011

TENDER PREMIUM COST

Bairwa Shri Khiladi Lal;Meghwal Shri Bharat Ram

Will the Minister of URBAN DEVELOPMENT be pleased to state:

- (a) whether urban local bodies are facing difficulties in depositing their share including tender premium cost;
- (b) if so, whether the Government is considering to share the burden of tender premium;
- (c) if so, the details thereof;
- (d) whether additional Central assistance is being withheld on the pretext of non-implementation of reforms which is affecting the progress of projects;
- (e) if so, whether the Government is considering to review the said matter and implement uniform applicability across the country after discussion with all the States;
- (f) if so, the details thereof; and
- (g) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI SAUGATA ROY)

(a): Yes, Madam. Some of the Urban Local Bodies (ULBs) are finding difficulties in depositing their share of the project cost as approved and / or as tendered.

(b) & (c): There is no provision under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to meet any cost escalation including tender premium and the same has to be borne by the state / ULB concerned.

(d) to (g): JNNURM is a reforms driven programme for planned development of identified cities. States/Cities execute a Memorandum of Agreement(MoA) with Government of India indicating their commitment to implement identified reforms. The first installment for projects sanctioned under Urban Infrastructure & Governance (UIG) of Jawaharlal Nehru National Urban Renewal Mission(JNNURM) is released on signing of MoA. Additional Central Assistance under JNNURM is reform linked and release of second and subsequent installments of funds is subject to achievement of milestones agreed for implementation of mandatory and optional reforms at the State and ULB/Parastatal level as envisaged in the Memorandum of Agreement.

As the States have not achieved all the reforms as per their commitment in the MoA, the Ministry was unable to consider release of subsequent installments of Additional Central Assistance (ACA) for the approved projects.

The Government has reviewed the position and decided on 01.12.2010 to accord approval for consideration/release of further installments of ACA after withholding 10% of the Central Share in case of UIG projects in States/ ULBs where significant progress has been made in the implementation of reforms. It has been further decided that States may use their own funds to meet the balance amount and complete the ongoing projects and obtain reimbursement of the withheld amount upon completion of reforms.