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**STANDING COMMITTEE ON
URBAN DEVELOPMENT
(2011-2012)**

FIFTEENTH LOK SABHA

**MINISTRY OF HOUSING AND URBAN
POVERTY ALLEVIATION**

**DEMANDS FOR GRANTS
(2011-2012)**

*[Action Taken by the Government on the Recommendations contained in the
Fifteenth Report (Fifteenth Lok Sabha) of the Standing Committee on
Urban Development on Demands for Grants (2011-2012) of the
Ministry of Housing and Urban Poverty Alleviation]*

SIXTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

January, 2012/Pausa, 1933 (Saka)

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Presented to Lok Sabha on

Laid in Rajya Sabha on



LOK SABHA SECRETARIAT
NEW DELHI

January, 2012/Pausa, 1933 (Saka)

C.U.D. No. 67

Price : Rs. 55.00

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fourteenth Edition) and printed by Jainco Art India, New Delhi-110 005.

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COMPOSITION OF THE STANDING COMMITTEE ON
URBAN DEVELOPMENT (2011-2012)

Shri Sharad Yadav — *Chairman*

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2. Shri R.K. Jain — *Director*
3. Smt. J.M. Sinha — *Deputy Secretary*
4. Smt. K. Rangamani N. — *Under Secretary*
5. Shri Rajkumar — *Committee Assistant*

INTRODUCTION

I, the Chairman of the Standing Committee on Urban Development (2011-2012) having been authorized by the Committee to submit the Report on their behalf, present the Sixteenth Report (15th Lok Sabha) on the action taken by the Government on the recommendations contained in the Fifteenth Report (15th Lok Sabha) of the Standing Committee on Urban Development on the subject "Demands for Grants (2011-2012)" of the Ministry of Housing and Urban Poverty Alleviation.

2. The Fifteenth Report was presented to Lok Sabha on 5th August, 2011. Replies of the Government to all the recommendations contained in the Report were received in October, 2011.

3. The Standing Committee on Urban Development considered and adopted this Report at their sitting held on 04.01.2012.

4. An analysis of the action taken by the Government on the recommendations contained in the Fifteenth Report (Fifteenth Lok Sabha) of the Committee is given at **Annexure-II**.

5. For the facility of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
04 January, 2012
14 Pausa, 1933 (Saka)

SHARAD YADAV,
Chairman,
Standing Committee on
Urban Development.

CHAPTER I

REPORT

This Report of the Standing Committee on Urban Development (2011-2012) deals with the action taken by the Government on the recommendations contained in their Fifteenth Report (Fifteenth Lok Sabha) on Demands for Grants (2011-12) of the Ministry of Housing and Urban Poverty Alleviation which was presented to Lok Sabha on 5 August, 2011.

1.2 Action Taken Notes have been received from the Government in respect of all 10 recommendations contained in the Report. These have been categorized as follows:

- (i) Recommendations/Observations, which have been accepted by the Government (Chapter-II):

Recommendation Nos. 4, 6, 8

(Total-03)
(Chapter-II)

- (ii) Recommendations/Observations, which the Committee does not desire to pursue in view of Government's replies (Chapter-III):

Recommendation No. 1

(Total-01)
(Chapter-III)

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

Recommendation Nos. 2, 3, 7, 9, 10

(Total-05)
(Chapter-IV)

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

Recommendation No. 5

(Total-01)
(Chapter-V)

1.3 The Committee desire that specific replies to the comments contained in Chapter-I of this Report and final replies in respect of the Recommendations for which only interim reply has been furnished by the Government (included in Chapter-V) may be furnished to them at the earliest and in any case, not later than three months of the presentation of this Report.

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

Recommendation (Serial No. 2)

Participation of MPs/MLAs in the Review and Monitoring Committee

1.5 The Committee had recommended as under:—

“The Committee are happy to note that both the Ministry of Urban Development and the Ministry of Housing and Urban Poverty Alleviation while understanding the importance of involving the elected representatives in the monitoring of the ongoing schemes have issued directives to all States, Municipal Commissioners of Mission Cities and the State Level Nodal Agencies to notify a Review and Monitoring Committee for reviewing and monitoring the progress of projects and reforms, accordingly. The Committee are given to understand that till date such Review and Monitoring Committee have not been formed in many States in spite of Union Government’s directives. The Committee desire the Ministry to ensure that their directions in the matter are complied with by all the States and their agencies within three months. The Committee further desire that the States which are yet to form Review and Monitoring Committee should do so without any further delay. The Committee also desire the Ministry to monitor the conduct of the Review and Monitoring Committees and ensure that these are being held as per the guidelines issued by the Ministry besides overseeing the action taken on the decisions taken in these meetings. The Committee feel that any laxity in this regard will defeat the purpose. The Committee want that officials of the Ministry should also pay random visits to the districts to know the functioning of these and thereafter Review and Monitoring Committees (R&MCs). Members of Parliament should also be informed well in advance whenever the officers pay such random visits. The Committee would like to be apprised of the steps taken by the States and the urban local bodies on the directions issued by the Ministry in the matter.”

1.6 In their Action Taken Reply, the Ministry have stated as follows:—

“The Ministry of Housing & Urban Poverty Alleviation is constantly pursuing with the State Government as well as Ministry of Parliamentary Affairs for inclusion of MPs/MLAs in the Review & Monitoring Committee of the programmes implemented by this Ministry. Apart from reminders from time to time, the issue is also taken in the review meetings with State Government Officers.

The views of Hon’ble Committee regarding random visits to districts by the Ministry officials are noted.

State Governments have been requested, as well as, reminded to notify the Review and Monitoring Committee(s) at District levels comprising of the Hon’ble Members of Parliament and State Legislative Assembly for reviewing and monitoring the progress of implementation of urban poverty alleviation schemes, Swarna Jayanti Shahari Rozgar Yojana (SJSRY), Jawaharlal Nehru National Urban Renewal Mission (JNNURM)—BSUP and IHSDP etc. Reports are being awaited from the States. The Ministry of Urban Development is also in correspondence with the Ministry of Parliamentary Affairs to nominate the Hon’ble MPs in the Review & Monitoring Committee at City/District level to monitor the projects sanctioned under JNNURM. The views of Hon’ble Committee regarding random visits to districts by the Ministry officials have been noted for compliance.”

1.7 The Committee note that despite the efforts made by the Ministry of Housing and Urban Poverty Alleviation (HUPA) for inclusion of MPs/MLAs in the Review and Monitoring Committee to review the progress of implementation of urban poverty alleviation programme, reports from various States in this regard are still awaited. As a result the attempt to monitoring of various schemes and suggest guidance in a more pragmatic manner is defeated.

In view of the major chunk of the assistance extended by the Ministry, at the Central to the State Governments/UTs for implementation of various projects and in view of the less utilization of Additional Central Assistance (ACA) due to various factors, the Committee desire that instead of waiting for the State Governments to notify the composition of Monitoring Committee by including the MPs and MLAs, the Ministry, in consultation with the Ministry of Parliamentary Affairs, should notify the same and instruct the State Governments/ULBs to intimate the MPs/MLAs about the sittings of the Monitoring Committee.

The Committee also understand that in the Ministry of Rural Development MPs of both the Houses of Parliament are the Members of State Level Vigilance and Monitoring Committee to monitor Projects of Rural Development. Therefore, they desire the Ministry of Housing and Urban Poverty Alleviation to adopt the same line of Action of the Ministry of Rural Development to include the Local MPs/MLAs in the Monitoring Committee.

Recommendation (Serial No. 3)

Non-utilization of funds and non-furnishing of utilization certificates by the States under JNNURM

1.8 The Committee had recommended as under:—

“The Committee find that under BSUP, only Rs. 1193.14 crore could be utilized out of the total ACA of Rs. 2357.60 crore that was released to the States/UTs and for IHSDP the actual expenditure was only Rs. 370.46 crore which is mere 36% of the total allocation of Rs. 1015.43 crore.

The Committee express their deep concern on continuous trend of unspent balance of funds lying with the State Governments, for implementation of BSUP and IHSDP depicting the incomplete implementation of these schemes/programmes. The Committee are of the opinion that non-utilization of funds defeats the very purpose for which these schemes are formulated. The Committee are of the opinion that there is serious problem in planning and implementation of these schemes and there is an urgent need to review the situation. The Committee, therefore, strongly recommend that comprehensive monitoring at Central level along with periodical and time review of implementation of the programmes should be done by a high powered body of the Ministry of Housing and Urban Poverty Alleviation so as to ensure proper implementation of the schemes.

The Committee note that States/UTs are still sitting on huge amount as unspent ACA released to the States/UTs. Under BSUP, unspent funds to the tune of Rs. 3002.15 crore out of Rs. 7012.35 crore are still lying with the States/UTs and under the IHSDP only Rs. 1082.75 crore could be utilized out of the total ACA of Rs. 4343.08 crore. The Committee want the Ministry to impress upon the various State Governments and the implementing agencies for timely utilization of ACA funds released to them. Non-utilization of funds adversely affect the very purpose of the scheme.

The Committee urge the Ministry of sensitize the State Governments on the implications of taking casual approach towards BSUP and IHSDP programmes, that is negating the aims and objectives of these programmes.”

1.9 In their Action Taken Reply, the Ministry have stated as follows:—

“During the initial phase of JNNURM Mission, the pace of submission of utilisation certificates was somewhat slow. However, after the initial phase, the States showed significant progress in the projects and started furnishing utilisation certificates to the Ministry showing utilisation of 70% or more of ACA released for getting further instalments of ACA for the approved projects under BSUP and IHSDP.

Utilisation of ACA for BSUP and IHSDP depends on the commitment of the State Governments and the ULBs to meet timelines agreed upon in the MOAs, releasing of matching State and ULB share and implementation/achievement of reforms apart from ensuring minimum quality standards in the projects. The project implementation has also experienced many bottlenecks such as cost escalation, lack of capacity at the local/State levels, beneficiaries’ reluctance to move on to the new locations, lack of litigation free land and court cases, etc.

To address capacity building challenges and to accelerate the actual pace of projects implementation at the ground level a number of the handholding workshops are being organized by the Ministry.

The Ministry is also following up with the States on the basis of the Monthly Progress Reports/Quarterly Progress Reports/Fund Utilisation/Reforms Status and Third Party Inspection. More and more States are now submitting utilisation certificates and demanding for further instalments of ACA in order to complete the projects within the prescribed time limit.

For the year under reference, final figures were as under:—

	(Rs. in crores)		
	BE	RE (2010-11)	Release (2010-11)
BSUP	2357.60	1629.75	1925.40
IHSDP	1015.43	587.43	880.25
Total	3373.03	2217.18	2805.65

As may kindly be seen the final releases are 26.54% more than the Revised Estimate. Statement showing the amount of utilisation certificates received from the States and their unspent balances as on 9.9.2011 is at **Annexure**:

ANNEXURE

Unspent Balance with State Government: BSUP and IHSDP

(Rs. in Crore)
(Upto 9th Sept., 2011)

Sl.No.	State/UT	BSUP			IHSDP			Grand Total (BSUP + IHSDP)	
		ACA Released	UC Received against ACA Released	Unspent Balance	ACA Released	UC Received against ACA Released	Unspent Balance	ACA Released (BSUP+ IHSDP)	Unspent Balance (BSUP+ IHSDP)
1	2	3	4	5	6	7	8	9	10
1.	A&N Islands	0.00	0	0.00	5.53	0.00	5.53	5.53	5.53
2.	Andhra Pradesh	1053.97	764.27	289.70	614.37	267.83	346.54	1668.34	636.24
3.	Arunachal Pradesh	12.67	0.84	11.83	4.48	0.00	4.48	17.15	16.31
4.	Assam	48.80	24.4	24.40	35.11	0.00	35.11	83.91	59.51
5.	Bihar	78.19	0	78.19	105.35	0.00	105.35	183.54	183.54
6.	Chandigarh	227.22	174.06	53.16	0.00	0.00	0.00	227.22	53.16
7.	Chhattisgarh	169.29	78.05	91.24	118.31	55.68	62.63	287.60	153.87
8.	D&N Haveli	0.00	0	0.00	1.67	0.00	1.67	1.67	1.67
9.	Daman and Diu	0.00	0	0.00	0.29	0.00	0.29	0.29	0.29
10.	Delhi	357.19	74.93	282.26	0.00	0.00	0.00	357.19	282.26
11.	Goa	1.15	0	1.15	0.00	0.00	0.00	1.15	1.15
12.	Gujarat	656.68	457.94	198.74	125.81	33.32	92.49	782.49	291.23
13.	Haryana	31.18	23.37	7.81	124.66	39.61	85.05	155.84	92.86
14.	Himachal Pradesh	4.57	0	4.57	24.39	0.00	24.39	28.96	28.96
15.	Jammu and Kashmir	36.80	3.19	33.61	49.35	20.97	28.38	86.15	61.99
16.	Jharkhand	82.18	0	82.18	55.05	0.00	55.05	137.23	137.23

1	2	3	4	5	6	7	8	9	10
17.	Karnataka	223.98	137.33	86.65	171.30	98.99	72.31	395.28	158.96
18.	Kerala	125.37	66.98	58.39	130.70	39.67	91.03	256.07	149.42
19.	Lakshadweep	0.00	0	0.00	0.00	0	0.00	0.00	0.00
20.	Madhya Pradesh	193.74	107.68	86.06	128.48	12.48	116.00	322.22	202.06
21.	Maharashtra	1453.03	641.08	811.95	683.69	67.98	615.71	2136.72	1427.66
22.	Manipur	10.98	0	10.98	22.52	6.18	16.34	33.50	27.32
23.	Meghalaya	16.03	11.88	4.15	11.21	0.00	11.21	27.24	15.36
24.	Mizoram	27.26	7.23	20.03	14.89	0.00	14.89	42.15	34.92
25.	Nagaland	79.20	52.8	26.40	29.92	7.25	22.67	109.12	49.07
26.	Orrisa	23.49	9.95	13.54	95.33	9.01	86.32	118.82	99.86
27.	Puducherry	22.93	2.12	20.81	2.74	0.00	2.74	25.67	23.55
28.	Punjab	26.39	17.36	9.03	66.77	0.00	66.77	93.16	75.80
29.	Rajasthan	85.47	21.14	64.33	312.69	47.69	265.00	398.16	329.33
30.	Sikkim	15.23	7.96	7.27	8.96	0.00	8.96	24.19	16.23
31.	Tamil Nadu	605.35	344.9	260.45	316.55	141.12	175.43	921.90	435.88
32.	Tripura	13.96	10.47	3.49	34.55	15.52	19.03	48.51	22.52
33.	Uttar Pradesh	640.16	382.51	257.65	501.10	148.61	352.49	1141.26	610.14
34.	Uttarakhand	18.61	2.57	16.04	45.28	7.77	37.51	63.89	53.55
35.	West Bengal	797.98	361.66	436.32	503.50	205.15	298.35	1301.48	734.67
Total		7139.05	3786.67	3352.38	4344.55	1224.83	3119.72	11483.60	6472.10

1.10 Expressing their deep concern on continues trend of unspent balance of funds lying with the State Governments for implementation of BSUP and IHSDP components of JNNURM, the Committee had desired the Ministry to sensitize the State Government. In their action taken replies, the Ministry has stated that although the submission of utilization certificate was slow but the State have showed significant progress by showing utilization of 70% or more of ACA released.

The Committee are happy to note that the Ministry is following up with the States on the basis of the Monthly Progress Reports/ Quarterly Progress Reports/Fund Utilization/Reforms Status and Third Party Inspection.

However, the Committee observe from the action taken replies that during the year 2010-2011, the allocation for BSUP and IHSDP, was drastically reduced from Rs. 3373.03 Crore at the BE Stage to Rs. 2217.18 Crore at RE stage. Also the data pertaining to unspent balance with State Government for Basic Services to Urban Poor (BSUP) and Integrated Housing and Slum Development Programme (IHSDP) upto 9 September, 2011 reveals that the total unspent balance of ACA for BSUP and IHSDP is Rs. 6472.10 Crore. The utilization amount is only Rs. 5011.50 Crore. The above reduction at the RE of 2010-11 and huge unspent amount of ACA, do not substantiate the claim of the Ministry that the States are showing significant progress in this regard. This trend of utilization among various implementing agencies reflects poor capacity building with ULBs and lack of coordination among various implementing agencies.

The Committee, therefore, wish to reiterate their earlier recommendation to sensitize the State Governments about the benefits of the two components of JNNURM by organizing frequent meetings with State Governments and ULBs, in this regard.

Recommendation (Serial No. 7)

Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP)

1.11 The Committee note that the total outlay for Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP) was Rs. 1100 crore during the 11th Plan Period and was proposed to cover around 3.10 lakh beneficiaries in four years period. However, the actual expenditure in past three years under the scheme has been Rs. 13.63 crore only covering 6175 beneficiaries in the States of Andhra Pradesh, Karnataka, Rajasthan, and Chhattisgarh. The Committee are pained to note that ISSHUP, a demand driven scheme, launched in 2008-2009, with the aim of encouraging people belonging to EWS/LIG sections in urban areas to avail loan from primary lending institutions with Central subsidy for acquisition/construction of houses has dismally failed to achieve even noticeable targets so far. They are pained to note that a scheme launched for the benefit of poor is being allowed to die its natural death due to sheer apathy of the Ministry. This is evident in the lower budgetary allocation of Rs. 50 crores for 2011-12 against the budget estimates of Rs. 200 crores in 2010-11. The

Committee note that the Ministry itself has admitted the failure of the scheme due to inability of beneficiaries to produce proper documentation and guarantees with the lending institutions. The Committee are of the view that the success of the scheme depends on the active participation of all stakeholders *i.e.* the beneficiaries, agencies of the State Governments and primary lending institutions. In this regard they are given to understand that several States are taking proactive measures for easier documentation. The Ministry have held slew of meetings with the States and banks/HFIs besides circulating the initiative of the pro active States like Andhra Pradesh, Madhya Pradesh, Tamil Nadu and Kerala among all the States for peer learning and taking enabling measures for generating more applications. They are of the view that had the Ministry taken pro active measures like conferment of legal rights, extending mortgage facilities and considering the proposal like hire purchase agreement before the launch of the scheme, the fate of the scheme would have been altogether different. It appears that the scheme was launched in haste and without proper consideration and homework. The Committee have been told that this scheme is proposed to be dovetailed with Rajiv Awas Yojana and thereby the Ministry can hope that the scheme would gain momentum in due course of time. The Committee can only hope that this will be fructified. The Committee while deprecating the inaction on the part of the Ministry hope that the Ministry will be able to sort out all the issues in consultation with all the stakeholders so that this scheme can be started in full swing without any hassles.

1.12 In their Action Taken Reply, the Ministry have stated as follows:—

“The scheme of Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) was to be implemented in the 11th Five Year Plan, the Scheme was launched on 26th December, 2008 after the approval of Cabinet Committee on Economic Affairs.

As the scheme was a demand driven scheme, the success of the scheme depended upon the response by the beneficiaries. However, during implementation certain basic premise on which the scheme was conceived were found to be otherwise. Some of the problems encountered at the time of implementation of this scheme were:—

- (a) The individual *i.e.* Economically Weaker Sections (EWS)/ Low Income group (LIG) beneficiary has a clear title to the land, which is also mortgageable;
- (b) The cost of construction/purchase of a house in urban areas is not more than Rs. 1.00 lakh/1.60 lakh;

- (c) The beneficiary has got the plan approved by competent authorities for construction; and
- (d) The beneficiary has the authenticated income certificates and source of regular income.

The Ministry has conducted several meetings with the States and Banks/Housing Finance Companies (HFCs) besides circulating the best practices adopted by some States. As a result of these meetings some of the above stated problems were resolved by those States which took proactive steps. For example, Government of Madhya Pradesh and Tamil Nadu gave pattas to the occupants of the land and made them mortgageable. Housing Boards were asked to prepare standard plans duly approved for beneficiaries of the scheme. The States of Andhra Pradesh, Karnataka, Kerala and Chhattisgarh have dovetailed their State Housing Scheme into the scheme of ISHUP, so as to augment the resources for the beneficiaries. Because of continuous interaction and persuasion by this Ministry, the scheme has become operational in eight States namely Andhra Pradesh, Karnataka, Chhattisgarh, Tamil Nadu, Kerala, Rajasthan, Maharashtra and Uttar Pradesh. A total subsidy of Rs. 6.6 crores has been released by two CNAs covering about 7805 beneficiaries as on 03.08.2011.

There have been several initiatives taken by the State Governments of Tamil Nadu, Kerala and Madhya Pradesh which is expected to show results in near future and it is anticipated that the scheme would take off in these States during the current year 2011-12. As on date there is large gap of applications forwarded to the Banks and sanctions done by the Banks. For example, it has been stated that in the four southern States nearly 1.20 lakh applications have been forwarded to the Banks out of which only 20,000 applications have been sanctioned. The Ministry is pursuing the matter with the Chiefs of the Banks/Housing Finance Institutions to expedite clearance of pending applications, disburse the sanctioned loans and claim subsidy amount from the Central Nodal Agencies (CNAs) *i.e.* National Housing Banks (NHBs) and Housing & Urban Development Corporation (HUDCO), so that the benefit of interest subsidy is immediately passed on to the beneficiaries.

It is brought out that ISHUP, is the first endeavour of Government of India to pass on the direct benefit to the ultimate beneficiaries without any intermediaries by using the resurgent banking network in the country. The new concept has been taken much time to sink into the conscious of all concerned. However, Ministry is ceased

of the inherent defects of the scheme and is working out possible solutions to ensure that the desired objective of “Affordable Housing for All” could be substantially realized through the ISHUP scheme.

Further, the scheme of ISHUP has been dovetailed with the new ambitious scheme of Rajiv Awas Yojana (RAY), meant for eradication of Slums, which is expected to open new avenues for the Scheme of ISSHUP.

The Ministry is proposing constitution of an Advisory Committee consisting of the representatives of the two CNAs, State Governments, renowned non-official members from the Banking field etc., who will work out further ways in which the scheme could reach the target audience.”

1.13 Expressing concern over the failure to achieve noticeable targets under Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP), due to lack of proper planning, the Committee had desired the Ministry to sort out all the issues in consultation with the concerned stakeholders for gaining momentum of the scheme. The above observation of the Committee has been reinforced by the candid submission by the Ministry of HUPA that the concept of passing on the direct benefit to ultimate beneficiaries without any intermediaries by using the resurgent banking network has taken much time to sink into the conscious of all concerned. This vindicates the observation of the Committee that the scheme was launched in haste and without proper consideration and homework.

Now since the Ministry is aware of the problems encountered in implementation of ISSHUP, the Committee recommend that these problems should be taken care of in the initial stages of Rajiv Awas Yojana (RAY) a new scheme dovetailed with ISSHUP meant for eradication of slums, so that the new scheme does not face the fate of ISSHUP.

Recommendation (Serial No. 9)

Concurrent evaluation of the Schemes

1.14 The Committee note that the SJSRY has been under implementation since 1997. Statistically, the Ministry has impressive figures about the number of beneficiaries that have been assisted for setting up of individual micro-enterprises, group micro enterprises, beneficiaries provided skilled training and man-days generated.

However, in absolute terms, the number of urban poor estimated has gone up by more than four million between 1993-94 and 2004-05. The Committee note that Ministry have decided to start the process of concurrent evaluation of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) in one State from every region beginning this year. However since, most of the other major schemes undertaken by the Ministry except SJSRY are demand driven and no physical or financial targets are fixed, it is very difficult to assess and analyse the real performance of the Ministry and States/UTs in terms of implementation of these schemes. The Committee note that the financial allocations under SJSRY to the States are made on the basis of incidence of urban poverty as per Planning Commission norms whereas Physical and Financial progress are commensurate to each other. The Committee feel that undoubtedly the process of concurrent evaluation would definitely help in identifying the gaps and opportunities in the current implementation of SJSRY and in turn help formulate suggestions for further simplification of procedure for the scheme on one hand and on other it would also be helpful in evaluating the performance of the Ministry and the States/UTs, besides assessing its net impact on the incidence of poverty in a more rational manner. The Committee, however, feel that such selective evaluation, *viz.* one State from each region, would not be adequate in taking the stock of the scheme in its entirety. The Committee, therefore, desire that the concurrent evaluation of the scheme may be extended to other schemes undertaken as well and across the country to make it more meaningful. The Committee further desire that the Ministry while conducting concurrent evaluation of the SJSRY scheme should collect statistics about the number of beneficiaries that have been assisted for setting up of individual micro enterprises/group micro enterprises provided skilled training have actually set up micro enterprises and got employment during the last three years. The Committee would like to be apprised of the statistics.

1.15 In their Action Taken Reply, the Ministry have stated as follows:—

“The Ministry is under process of getting the concurrent evaluation of SJSRY done in the State of Rajasthan, Uttar Pradesh, Punjab and Karnataka in the first phase on pilot basis. The scheme of SJSRY may be concurrently evaluated in other States also in coming years.

The views of Hon’ble Committee regarding collection of statistics about the number of beneficiaries assisted for setting up of individual micro enterprises/group micro enterprises, persons who have actually set up micro enterprises/got employment after undergoing skill training during the last three years are noted.”

1.16 On the decision of the Ministry to start the process of concurrent evaluation of the scheme SJSRY, in one State from every region, the Committee had felt that such selective evaluation would not be adequate in taking the stock of the scheme in its entirety. Therefore, they desired the Ministry to undertake concurrent evaluation across the country and extend its scope to all other schemes also. In this regard, the Committee note that the Ministry is in the process of getting the concurrent evaluation of SJSRY in the States of Rajasthan, UP, Punjab and Karnataka in the first phase on pilot basis. Moreover, the Ministry is not sure about this evaluation being extended to other States. In regard to extension of the concurrent evaluation to other schemes of the Ministry their reply is silent that irks the Committee.

Therefore, the Committee would like to reiterate their earlier recommendation and strongly emphasize that the ambit of concurrent evaluation strictly extended to all the schemes in order to quantify the real impact of the schemes in arresting the urban poverty and improving the quality of life of urban poor.

Recommendation (Serial No. 10)

Housing and Urban Development Corporation (HUDCO)

1.17 The Committee note that the Ministry of Housing and Urban Poverty Alleviation had set up a high-powered Committee under Shri Ashok Jha to rejuvenate Housing and Urban Development Corporation (HUDCO) with a view to strengthening its financial position and expansion of activities, and to provide better services to poor and weaker sections of the society. The high powered Committee suggested measures for rejuvenating of HUDCO *viz.* allowing HUDCO to raise funds for capital investment in urban infrastructure, securing letter of comfort from Government of India for 3 years to enable it to get 'AAA' credit rating, allowing HUDCO to follow RBI norms in respect of credit connection, permission to issue Bonds under section 54 (EC) of the Income Tax Act which would save Rs. 608 crore in 3 years etc. The Committee are broadly in agreement with the suggestions of the High Powered Committee that HUDCO may diversify its revenue streams gradually to gain a substantial receipt from non-interest based/fee based streams. The Committee are, however, disappointed to learn that the Ministry has not been able to put the recommendations of the Ashok Jha Committee before the Ministry of Finance to get their views and approval stating that first HUDCO will chalk out a plan to first restructure its internal systems of finance management and functioning to reduce its operating expenses and considerably enhance to focus on social housing and present a credible plan on reducing costs borrowing or enhanced profitability from lending to other sectors.

The Committee are of the view that these steps would take much time resulting in unnecessary delays in adopting the recommendations of the high powered Committee. The Committee recommend that the Ministry should place suggestions of the High powered Committee before the Ministry of Finance and convince them otherwise the very purpose of appointing the high powered Committee would be defeated and the HUDCO in particular and the beneficiaries in general would be deprived of the benefit of such recommendations. At the same time, the Committee also recommend that HUDCO should strive its best to reposition itself to become a self-sustaining entity so as to meet the requirements of the ever-increasing housing sector single handedly.

1.18 In their Action Taken Reply, the Ministry have stated as follows:-

“HUDCO is a premier national techno-financial Institution in housing and urban infrastructure sector with a social orientation. In recent past, HUDCO had witnessed a few problem areas like withdrawal of government support in the form of concessions extended, negative spread in social housing, asset-liability mismatch, etc. In order to rejuvenate HUDCO to overcome these problem areas, to strengthen its financial position and to expand its activities for better service to poor and weaker sections of the society, the Government of India had set up a High Power Committee (2008). In line with the recommendations of the Committee HUDCO has restructured and repositioned itself by taking major initiatives such as: Preparation of a vision document ‘HUDCO Corporate Plan 2020’; Restructuring of HUDCO at both Corporate Level as well as Regional Level; and Effecting improvements in operational Procedures.

HUDCO’s future plans in terms of operational and financial projections, line of business it proposes to follow and the proposed activities are envisioned in its Corporate Plan 2020, which has envisaged a major focus and thrust on social housing sector and core infrastructure funding in the years to come. It has envisaged a major growth in the social housing sector by projecting to support 11.64 million units in the next 10 years (2010-11 to 2019-20), averaging to about 1.16 million units every year. The Corporate Plan 2020 *inter-alia* has the goal of realizing a share of 20-25% of its entire operations for social housing within its operations, by 2014. It anticipates increasing the core infrastructure operations to a significantly higher level, so as to retain its reputation of the

largest supporter of city level urban infrastructure projects in the country. In addition, HUDCO has taken steps to reposition itself towards become a self-sustaining entity including modern management structure of the organisation through ERP, IT networking and video conferencing with regional offices, professional directors in HUDCO Board, etc.

Further, in line with the motto of 'profitability with social justice' the Corporate Plan anticipates substantial increase in gross margin through a policy of cross-subsidisation where a negative spread in the range of 0.69% to 2.46% for social housing operations are to be cross-subsidised by the positive spread on 'other housing' and 'other urban infrastructure' lending. One of the goals of the Corporate Plan is to reduce the NPA level to 2% of the total loans outstanding by 2019-20 from the present 5%.

In order to move along the projected growth trajectory, the Corporate Plan 2020 proposes key operational strategies and action plans for its various products and services by adopting a new business model on the theme of—"HIGH VOLUME-LOW RISK-LOW MARGIN" where lower yields would be compensated by high volumes of business.

Towards meeting the projected quantum jump in the social housing and core infrastructure operations and in line with the recommendations of the High Power Committee, HUDCO has been seeking an facilitatory and enabling support from the Government of India, Ministry of Housing and Urban Poverty Alleviation including letter of comfort from Government of India for achieving highest credit rating, allowing plan fund allocation towards repayment of over dues of HUDCO, relaxation in respect of credit concentration norms of NHB, permitting HUDCO to raise funds through tax-free bonds to support core infrastructure projects, permitting HUDCO to issue 54 (EC) bonds, external commercial borrowings and low cost funds from multi-national agencies, restoration of equity support to HUDCO, plough back of dividend and permission for issue of convertible debentures.

The Isher J. Ahluwalia Committee Report on Indian Urban Infrastructure and Services has also endorsed the recommendations of the High Power Committee on HUDCO (2008) that the equity base of HUDCO should be enhanced in order to help rejuvenate the Institution and also recommended that HUDCO should receive the benefits available to infrastructure financing companies like access to long-tenor finance including External Commercial

Borrowing (ECB), since it is engaged in long-term financing of urban infrastructure and housing. The Isher J. Ahluwalia Committee also recommended that there should be a professional Board and modern management structure in place in line with the major players in the infrastructure and housing sector. Once these mechanisms are put in place, and modern management and effective governance assured, HUDCO should be able to perform its role as a key financier of urban infrastructure and low income housing.

As a result of its restructuring and repositioning in tune with the challenging market conditions, the performance of HUDCO in respect of its MoU targets has also been impressive. As against, the MoU sanction target of Rs. 16,500 crores for 2010-11, HUDCO has been able to achieve Rs. 19,671 crores which is 119% of the targets. Similarly, for releases, as against the MoU target of Rs. 6,400 crores for 2010-11, HUDCO has been able to achieve Rs. 5,105 crores which is 88% of its targets. HUDCO has already achieved 20% and 41% of its MoU target for 2011-12 for sanctions and releases respectively in the first 5 months of the current financial year.

Given the huge urban housing shortage of around 26 million units in the country, HUDCO is expected to play a major role in providing affordable housing. In this scenario of the need to increase manifold HUDCO's lending for weaker sections at concessional terms, and also maintaining its sustainability so as to retain its credibility for borrowing from the market and also to earn a reasonable level of profits to ensure Payment of dividends, HUDCO has put up an interest subsidy scheme proposal where an interest subvention of 2% to HUDCO, which is the net difference between its overall borrowing rate and its lending rate for the EWS and LIG categories, is proposed for carrying out the social housing programme.

In view of the above, it is submitted that HUDCO has already taken action for repositioning itself to enhanced focus on social housing operations while maintaining the motto of 'profitability with social justice' through the policy of cross subsidisation. Some of the key actions include HR restructuring, HSMI restructuring, SBU-wise operational restructuring and major focus on social housing operations. In addition, the National Housing Bank has kindly extended the relaxation of credit concentration norms for HUDCO and through the Union Budget 2011-12, the Government

of India has proposed to permit HUDCO to raise resources to the tune of Rs.5,000 crore through tax-free bonds. It is hoped that other enabling support, as envisaged in HPC Report on HUDCO and Isher J. Ahluwalia Committee Report Indian Urban Infrastructure and Services, would be extended by the Government of India in order to further increase the operations of HUDCO which would go a long way in achieving the social housing goals in the country."

1.19 According to the reply of the Government, the Committee are given to understand that HUDCO has taken steps to reposition itself towards becoming a self-sustaining entity including modern management structure of the organization through ERP, IT networking and video conferencing with regional offices, professional directors in HUDCO Board, etc.

Also, the Committee have been informed that for enhanced focus on social housing and core infrastructure operations, HUDCO has been seeking a facilitatory and enabling support from Government of India, Ministry of Housing and Urban Poverty Alleviation including letter of comfort from Government of India for achieving highest credit rating, allowing plan fund allocation towards repayment of over dues of HUDCO, relaxation in respect of credit concentration norms of National Housing Bank (NHB), permitting HUDCO to issue section 54(EC) bonds, external commercial borrowings and low cost funds from multi-national agencies, restoration of equity support to HUDCO, plough back of dividend and permission for issue of convertible debentures.

In view of the above, the Committee reiterate its earlier recommendation that the Ministry should place suggestions of High Powered Committee before the Ministry of Finance and convince them for implementation of those recommendations. Otherwise the very purpose of appointing the High Powered Committee would be defeated and the HUDCO in particular and the beneficiaries in general would be deprived of the benefit of such recommendations.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 4)

Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

2.1 The Committee note that out of the total allocation of Rs. 591.38 crore for Swarna Jayanti Shahari Rozgar Yojana (SJSRY) only Rs. 519.93 crore could be utilized by the Ministry till 24.03.2011. The Committee further note that the progress of the SJSRY Scheme in certain States has not been very satisfactory as revamped scheme came into existence with effect from 2009-10 and these States/UTs took some time in coping with the revised guidelines and changed pattern of the scheme. The Committee are perturbed to know that even after implementation of revised SJSRY scheme with effect from January, 2009, many States/UTs have not been able to operate the scheme as per the new guidelines which shows lack of coordination between the Central Government and the State/UT Governments and also total disregard and apathy among urban local bodies and other implementing agencies towards the guidelines for implementation of SJSRY scheme. The Committee find that since many of the components of the modified SJSRY scheme are almost similar to the earlier scheme the impact of the new guidelines is minimal resulting in very little impact on the performance of these components. The Committee, thus, feel that the delivery mechanism of the Ministry and its implementing agencies needs to be more efficient. The Committee, nevertheless, appreciate the efforts of the Ministry in consistently pursuing with the States/UTs through orientation workshops conducted by the National, Regional and State Resource Centers under IEC component of SJSRY and laying strong focus on capacity building activities. The Committee, however, recommend that the Ministry should take proper follow-up action with the States/UTs to ensure compliance of guidelines and directions issued by them. The Committee also note that even though the number of urban poor in absolute terms has gone up in the last few decades, Government spending has not been very consistent and commensurate with increase in the number of urban poor. The Committee take a positive note of the fact that the budgetary allocation for SJSRY has gone up from Rs. 564.60 crore last year (RE Rs. 591.38 crore) to Rs. 813 crore this year thereby registering an increase of around 44%.

Considering the fact that SJSRY is the only urban poverty alleviation scheme encompassing both self-employment and wage employment components and income-generation and community support systems to the urban poor, the Committee hope that the additional funds so allocated would be utilised appropriately in accordance with the modified guidelines of the scheme. The Committee also desire that the Ministry of Housing and Urban Poverty Alleviation in coordination with the Ministry of Micro, Small and Medium Enterprises should play a more pro-active role and increase employment opportunities for the intended beneficiaries.

Reply of the Government

2.2 Out of the Revised Budget Estimate of Rs. 591.38 crore, the Ministry was able to utilize Rs. 587.96 crore. It may kindly be noted that out of the above Rs. 591.38 crore, Rs. 1.70 crore was for administrative expenses. Thus, for the scheme of SJSRY total budget was Rs. 589.68 crore. The Ministry was able to utilize Rs. 587.02 crore for SJSRY which comes to 99.55% of RE.

To ensure quality and effective delivery of services to the target groups, Ministry of Housing & Urban Poverty Alleviation has placed monitoring systems for its schemes. Apart from institutional monitoring machinery at various levels, Third Party Inspection & Monitoring (TPIM), social audit and concurrent evaluation of the schemes are being done to plug the loopholes in the implementation of the schemes. The Ministry is constantly pursuing with the States and UTs for implementation of the scheme through review meeting with State Secretaries, field visits, monitoring of progress reports, capacity building workshops etc.

As urban poverty is multi dimensional, revamped SJSRY guidelines lay focus on the need for convergence in the delivery of various programmes at the ULB level to tackle the menace of urban poverty such as SJSRY, JNNURM, Prime Minister's Employment Generation Programme, Aam Aadami Bima Yojana, Rashtriya Swasthya Bima Yojana, Health Mission, Sarv Shiksha Abhiyan, Mid-Day Meals Scheme, Integrated Child Development Scheme, National Social Assistance Programme, Skill Development Initiative etc.

Recommendation (Serial No. 6)

Funds for North Eastern States

2.3 The Committee note that consequent to a decision taken in 2001 by the Government, 10% of the total budget provision of the Ministries/Departments is to be spent for the development projects in

North Eastern States including Sikkim. The Ministry of Housing and Urban Poverty Alleviation also implements other schemes/programmes in these States related to areas *viz.* (i) Housing projects predominantly for the urban poor; (ii) Poverty alleviation projects; and (iii) Slum improvement/upgradation projects. While the financial allocations were fully utilized in the past, the actual expenditure for the year 2010-11 was only Rs. 29.77 crore out of the allocated Rs. 50 crore. The Committee observed that there have been huge underutilization of funds under SJSRY in the North Eastern States. On the question of under-spending and poor utilization of funds during 2010-11, the Ministry have explained that under SJSRY, Central funds to North Eastern States (NER) (and other special category States like Jammu & Kashmir, Himachal Pradesh and Uttarakhand) are released to State Nodal Offices in the ratio of 90:10 between the Centre and the State and these State Nodal Offices distribute the funds among District level authorities/cities/towns as per their requirements. Process of releasing funds to District level authorities/cities/towns is seen to be taking considerable time in the NER States. Lack of capacity of District/cities/towns authorities is also a cause for slow utilization of funds in these areas. The Committee recommend that concerted efforts should be made to address the North Eastern State Governments to expedite their submission of project proposals for timely release of funds so that the schemes/programmes could be implemented in a time-bound manner. The Committee further desire that there is a need to support the States/ULBs in their capacity building/training programmes in a structured manner which would further ensure timely submission of project proposals and release of funds.

Reply of the Government

2.4 The Ministry was able to utilize full budget allocation of Rs. 50 crore during the year 2010-11. The Ministry of Housing & Urban Poverty Alleviation is laying a strong focus on capacity building activities based on a saturation approach—covering capacity at State, ULB and Resource Centre levels. For the comprehensive capacity building of the State/ULB machinery, Ministry has empanelled various Institutions under the National Network of Resource Centres (NNRC). Ministry has been consistently pursuing with the States/UTs through orientation workshops conducted by the National, Regional and State Resource Centres.

Recommendation (Serial No. 8)

Rajiv Awas Yojana (RAY)

2.5 The Committee are happy to note that the Government have announced Rajiv Awas Yojana (RAY) for the city slum dwellers and urban poor on the lines of Indira Awas Yojana with the aim of creating

a slum free India in five years. Besides, the Government also intend to encourage States/UTs to assign property rights to slum dwellers under the Scheme and propose to bring about fundamental changes in the existing Urban Master Plan to make development of cities inclusive and equitable. The Committee observe that neither the Scheme has been launched so far, nor any year-wise physical targets have been fixed, yet Rs. 1210 crore had been allotted for implementation of the Scheme during 2010-11, which was revised to Rs. 1040 crore at RE stage. The Committee find that acquisition and availability of land was the main reason, due to which there were many litigations also, which hindered the progress of BSUP and IHSDP, the other flagship schemes of the Ministry. The Committee are of the view that these problems will again arise and affect implementation of Rajiv Awas Yojana if not taken care suitably. Though the Committee have been informed that the issue of land acquisition would be addressed by giving property rights to slum dwellers under RAY and Government will also provide central support to those States that are willing to assign property rights to slum dwellers/urban poor.

The Committee desire that Rajiv Awas Yojana should focus on not only granting property rights to slum dwellers/urban poor by States/UTs, but also providing basic amenities such as water supply, sewage, drainage, internal and approach roads, street lighting and social infrastructure facilities in slums and low income settlements by adopting a 'whole city' approach.

It is in the knowledge of the Committee that often the allottees transfer their property rights in favour of others and migrate to other slum areas. The Committee strongly recommend that the reasons for such transfer of property rights be enquired into and remedial measures taken. Further in order to obviate such cases, there must be some conditions to be fulfilled by slum dwellers that they will have to live in the allotted dwelling units at least for 15 years and they cannot sell it and can only transfer it in the name of their son/daughter. Needless to say that the allottees be told in categorical terms that they cannot avail loan subsidy again for another dwelling.

The Committee are of the view that Government should also explore partnership between the urban poor, municipalities, States and Central Government and private developers to enable the construction of affordable houses through access to subsidized credit. The Committee also desire that a legal framework should be chalked out in States which should include reservation of land for housing to urban poor as the existing Master Plan has led to their exclusion from the city

development process and driven them to precarious and illegal settlements. The Committee are quite optimistic that if these suggestions are kept in mind and implemented in true spirit, then only the Government's objective to have a slum free India in five years could be achieved under RAY.

Reply of the Government

2.6 Rajiv Awas Yojana has been approved by the Cabinet Committee on Economic Affairs on 2nd June, 2011. Under the Scheme assistance will be provided for slum redevelopment and creation of affordable housing stock to those States who are willing to assign property rights to slum dwellers. The scheme advocates as "whole City", "all slum" and "whole Slum" approach. In each slum, an integrated approach will be taken to upgradation or redevelopment, with provision of infrastructure, basic civic and social amenities and decent housing.

Under the Scheme Guidelines Precedent to Release of Funds under RAY the commitments expected from the States are as follows:—

The State POA will need to describe the legislative amendments and policy changes proposed to redress the land and affordable housing scarcities which are the genesis of slums as a part of their POA and state vision.

In the Implementation Stage, in order that the process for inclusive urbanization is put in motion, before release of funds for projects it will be required minimally that—

The commitment and willingness to assign property rights to slum dwellers, preferably in the name of the wife or in the name of both wife and husband, is given; and enactment of legislation is done within one year of the first project sanctioned. An executive instruction/policy/scheme assigning property rights to slum dwellers must be appended to the State POA, along with the draft title deed specifying that the legal right would be heritable, inalienable for a reasonable lock-in period, and mortgage able; and within one year, the enactment must be submitted. For the North Eastern and Special Category States where land ownership patterns are community based, or restricted by certain conditions of law, the reform with timelines will be mutually worked out between the concerned States and Centre. To assist the States, a draft model property rights bill has been circulated for consideration of the States.

Provisions are in place for enforcement of the pro-poor reforms begun under JNNURM, viz. reservation of 20-25% of developed land for EWS/LIG housing in every new public/private residential development; and for a non-lapsable earmarking of 25% of the budget of all municipalities/other bodies providing municipal basic services to meet the revenue and capital expenditures of urban poor colonies and slums; and the requirements of the seven point charter of JNNURM (i.e. land-tenure, affordable housing, water, sanitation, education, health and social security)It would be mandatory to enact a legislation for the first two reforms within one year of the first project sanctioned.

Commitment with timelines is made for:

- (a) making amendments in the Rent Control Acts in line with the recommendation of the National Urban Housing and Habitat Policy, 2007;
- (b) review of urban land development and land use policies, structures and strategies to enable expansion of urban land at the expected rate of growth of the city and its optimum as well as inclusive use by revision in land use and town planning legislation and regulations; and
- (c) the simplification of the processes and procedures of sanctioning buildings and building byelaws concerning development and housing projects to provide single window quick approvals in order to reduce transaction costs.

Private Sector participation: There will be emphasis on private sector participation for both slum redevelopment, wherever feasible, as well as for creation of new affordable housing stock, for rental and ownership.

To encourage creation of affordable housing stock the existing schemes of Affordable Housing in Partnership and Interest Subsidy Scheme for Housing the Urban Poor have been dovetailed into RAY. To encourage private sector participation in slum redevelopment, Central government assistance can be used by the States and cities towards viability gap funding. Credit enablement of the urban poor and the flow of institutional finance for affordable housing is an important component of the scheme. The Government has agreed to establish a Mortgage Risk Guarantee Fund to facilitate lending to the urban poor for housing purposes with an initial corpus of Rs. 1,000/- crores.

CHAPTER III

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

Recommendation (Serial No. 1)

Budgetary allocation *vis-a-vis* spending by Ministry

3.1 The Committee observe that over the past two decades, there has been a sizeable increase in the number of poor in the urban areas of the country. In spite of the several programmes/schemes of the Government the incidence of poverty has increased in absolute terms over the years. The Committee, while taking note of the modest increase of 10% in the BE for the year 2011-12 strongly feel that allocation under the various schemes still has not been adequate enough to effectively achieve the desired results. In order to make these schemes truly result oriented and meaningful, the Committee would like the Ministry to demand for higher allocation of funds for each scheme by apprising the Planning Commission and Ministry of Finance of the ground realities which are affecting these schemes due to want of adequate funds.

The Committee are pained to know that for the past few years the expenditure of the Ministry has actually been less than the total allocation of the Ministry. This is equally true in the case of the Additional Central Assistance (ACA) provided to the Ministry for the implementation of BSUP and IHSDP where the Ministry were not able to spend the entire amount. This has resulted in unspent balance at the end of each year resulting in reduction in allocation at the RE stage. Further, the Committee find that the unspent balance under major schemes like SJSRY, BSUP and IHSDP were relatively higher. This is really serious given the fact that these schemes together get bulk of the budgetary allocation earmarked for the Ministry. The Committee in their Second and Seventh Reports of Fifteenth Lok Sabha, had expressed serious concern over the trend of huge unspent balance and under-utilization of funds and had accordingly, recommended the Ministry to analyse the situation and take corrective steps accordingly. The Committee find that no serious effort has been made by the Ministry to correct the situation in this regard. The Committee, therefore, strongly recommend that expenditure plan should be properly

chalked out and evenly spread throughout the year so that the total available funds provided for scheme could be spent within that year itself and no unspent balances are left with the implementing agencies. Such a step will also strengthen the claim of the Ministry to impress upon the Planning Commission and Ministry of Finance for better funding of the schemes while making allocations for the Twelfth Five Year Plan.

Reply of the Government

3.2 The views of Hon'ble Committee regarding enhancement in the allocation for the scheme are noted. The Ministry will request Planning Commission and Ministry of Finance for enhanced allocation for the scheme for the Twelfth Five Year Plan, based on desired output of the scheme of Swaran Jayanti Shahari Rozgar Yojana (SJSRY) as well as the ability of the States to implement and utilise.

Insofar as issue of less expenditure than allocation is concerned, it is to mention that SJSRY budget was enhanced from Budget Estimate (BE) of Rs. 563.20 crore to Rs. 589.68 crore at Revised Estimate (RE) stage during the year 2010-11. The Ministry was able to utilize Rs. 587.02 crore for SJSRY.

Utilization of the allocated budget is dependent upon the ability of the States to submit requisite proposals for release of funds along with Utilization Certificates of earlier releases. Ministry has been consistently pursuing with the States and UTs in this regard through review meeting with State Secretaries, field visits, monitoring of progress reports, capacity building workshops etc. As a result of concerted efforts, the Ministry was able to utilize Rs. 587.02 crore which comes to 99.55% of RE budget. The recommendations of the Hon'ble Committee regarding annual expenditure plan are noted.

The Allocation/expenditure of SJSRY during the last 10 years are as follows—

(Rs. in Lakhs)

Sl.No.	Year	Allocation to States/UTs	Releases to States/UTs
1	2	3	4
1.	2001-02	16374.00	3831.00
2.	2002-03	10074.00	10091.77
3.	2003-04	10074.00	10074.00

1	2	3	4
4.	2004-05	9910.00	12200.70
5.	2005-06	15459.00	15588.09
6.	2006-07	23610.62	24868.45
7.	2007-08	33650.00	33691.65
8.	2008-09	50750.00	54067.25
9.	2009-10	48500.00	42160.85
10.	2010-2011	57368.00	58149.79
	Total	272021.62	264723.46

As may be seen the Ministry has made efforts to increase budget substantially over the year. During some years the Ministry has exceeded the original budget allocation. However, in certain years due to diversion from other scheme budget, the SJSRY Budget has increased and there has been some gaps. Generally, the Ministry has observed that allocation for capacity building and proper administrative structure at state level has been the key factor in the performance of State Government. Accordingly, the Ministry has substantially increased budget for capacity building for States and also taken up with State Government regarding strengthening the administrative structure.

The Ministry has brought to the notice of the Planning Commission regarding increase in the number of urban poor by 4 million between 1993-94 and 2004-05. The estimate of slum population of 93 million for 2011 brought out by an Expert Committee constituted by the Ministry under Dr. Pronab Sen, the then Chief Statistician of India has also been brought to the notice of all concerned. The Ministry has taken several steps in the recent past to provide greater focus on measures for alleviating urban poverty and improving conditions of slum dwellers. These include:

- 2005 Jawaharlal Nehru National Urban Renewal Mission-4 components, *viz.*
- Urban Infrastructure & Governance (UIG) and Basic Services to the Urban Poor (BSUP) in 65 cities,
 - Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) and Integrated Housing & Slum Development Programme (IHSDP) - (for other cities).

- 2007 National Urban Housing & Habitat Policy
- 2008 Interest Subsidy for Housing the Urban Poor (ISHUP)
- 2009 (i) Affordable Housing in Partnership Scheme
(ii) Revamped Swarna Jayanti Rozgar Shahari Yojana (SJSRY)
(iii) Revised Street Vendor's Policy & Model Law on Street Vendors
(iv) President of India's Announcement on 4 June, 2009: Rajiv Awas Yojana - Slum-free India
- 2010 Scheme of Slum-free City Planning for Rajiv Awas Yojana
- 2011 Launch of Rajiv Awas Yojana

The Ministry is proposing a National Urban Livelihood Mission and also a new and improved version of JNNURM meant for the slum dwellers and urban poor in the Twelfth Five Year Plan.

At present the major schemes of the Ministry are Swarna Jayanti Shahari Rozgar Yojana (SJSRY) and Basic Services to the Urban Poor (BSUP) & Integrated Housing & Slum Development Programme (IHSDP) of JNNURM.

As regards BSUP and IHSDP—allocation/release position is as follows:

BE, RE AND ACTUAL RELEASE UNDER BSUP AND IHSDP

(Rs. in crore)

	BE	RE	Actual Release of ACA	Year
1	2	3	4	5
BSUP			72.14	2005-06
IHSDP			0.00	
Total for 2005-06	*334.00		72.14	
BSUP	1000.00	761.00	901.78	2006-07
IHSDP	500.00	362.00	492.62	
Total for 2006-07	1500.00	1123.00	1394.40	

1	2	3	4	5
BSUP	1501.00	1195.05	1192.80	2007-08
IHSDP	490.00	789.96	792.24	
Total for 2007-08	1991.00	1985.01	1985.04	
BSUP	1880.35	1813.38	1582.92	2008-09
IHSDP	613.84	1113.88	1296.20	
Total for 2008-09	2494.19	2927.26	2879.12	
BSUP	2524.65	1344.36	1338.37	2009-10 *
IHSDP	1117.58	786.74	780.72	
Total for 2009-10	3642.23	2131.10	2119.09	
BSUP	2357.60	1629.75	1925.40	
IHSDP	1015.43	587.43	880.25	2010-11
Total for 2010-11	3373.03	2217.18	2805.65	
BSUP	2928.60		158.76	2011-12 (as on 19.9.2011)
IHSDP	1000.20		102.79	
Total for 2011-12	**3928.80		261.55	
BSUP Total	12192.20	6743.54	7172.17	
IHSDP Total	4737.05	3640.01	4344.82	
Grand Total of BSUP and IHSDP	17263.25	10383.55	11516.99	
BSUP and IHSDP Total	#17263.25	20767.10	11516.99	

*During 2005-06 there was combined allocation of Rs. 334.00 crore.

**Excluding Rs. 4.00 crore for which break-up between JNNURM and RAY has not been received from MHA.

#This includes combined allocation of Rs. 334.00 crore of 2005-06.

Achievements of the targets/Release of funds to State Governments depends on efficiency of their utilization and submission of Utilization Certificates. The Ministry has observed that many States and cities

utterly lack capacity to implement programmes. Accordingly, the Ministry has assisted States with liberal funding for capacity building activities and also supported in the establishment of Project Management Units (PMUs) and Project Implementation Units (PIUs) with 100% funding. However, States have reported lack of litigation-free land, lack of willingness on the part of beneficiaries to contribute, *in-situ* projects, cost escalation, inability of urban local bodies to meet their shares. The Ministry has been conducting frequent reviews at National and State level.

Meetings of Central Monitoring & Sanctioning Committee and Central Sanctioning Committee under the Chairmanship of Secretary (HUPA) are also being held on regular and short intervals to consider the proposals from the State Governments under BSUP and IHSDP for sanction of Additional Central Assistance. However, the sanction/release of funds depend on submission of new proposals, complete in all respects as well as satisfactory progress in respect of approved proposals/sufficient number of proposals for subsequent instalment from the State Governments, conforming of the proposals to the conditions of financial utilisation and implementation of reforms apart from ensuring minimum quality standards in the projects, etc.. The Ministry is insisting on satisfactory physical progress and quality of projects before final instalment of ACA is released to the State/UT Governments. As on 4.8.2011, about 95.39% of the allocation has been committed under BSUP and IHSDP.

CHAPTER IV

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

Recommendation (Serial No. 2)

Participation of MPs/MLAs in the Review and Monitoring Committee

4.1 The Committee are happy to note that both the Ministry of Urban Development and the Ministry of Housing and Urban Poverty Alleviation while understanding the importance of involving the elected representatives in the monitoring of the ongoing schemes have issued directives to all States, Municipal Commissioners of Mission Cities and the State Level Nodal Agencies to notify a Review and Monitoring Committee for reviewing and monitoring the progress of projects and reforms, accordingly. The Committee are given to understand that till date such Review and Monitoring Committee have not been formed in many States in spite of Union Government's directives. The Committee desire the Ministry to ensure that their directions in the matter are complied with by all the States and their agencies within three months. The Committee further desire that the States which are yet to form Review and Monitoring Committee should do so without any further delay. The Committee also desire the Ministry to monitor the conduct of the Review and Monitoring Committees and ensure that these are being held as per the guidelines issued by the Ministry besides overseeing the action taken on the decisions taken in these meetings. The Committee feel that any laxity in this regard will defeat the purpose. The Committee want that officials of the Ministry should also pay random visits to the districts to know the functioning of these and thereafter Review and Monitoring Committees (R&MCs). Members of Parliament should also be informed well in advance whenever the officers pay such random visits. The Committee would like to be apprised of the steps taken by the States and the urban local bodies on the directions issued by the Ministry in the matter.

Reply of the Government

4.2 The Ministry of Housing and Urban Poverty Alleviation is constantly pursuing with the State Government as well as Ministry of Parliamentary Affairs for inclusion of MPs/MLAs in the Review &

Monitoring Committee of the programmes implemented by this Ministry. Apart from reminders from time to time, the issue is also taken in the review meetings with State Government Officers.

The views of Hon'ble Committee regarding random visits to districts by the Ministry officials are noted.

State Governments have been requested, as well as, reminded to notify the Review and Monitoring Committee(s) at District levels comprising of the Hon'ble Members of Parliament and State Legislative Assembly for reviewing and monitoring the progress of implementation of urban poverty alleviation schemes, Swarna Jayanti Shahari Rozgar Yojana (SJSRY), Jawaharlal Nehru National Urban Renewal Mission (JNNURM)—BSUP and IHSDP etc. Reports are being awaited from the States. The Ministry of Urban Development is also in correspondence with the Ministry of Parliamentary Affairs to nominate the Hon'ble MPs in the Review & Monitoring Committee at City/District level to monitor the projects sanctioned under JNNURM. The views of Hon'ble Committee regarding random visits to districts by the Ministry officials have been noted for compliance.

Comments of the Committee

4.3 For comments of the Committee please *see* paragraph No. 1.7 of Chapter-I of the Report.

Recommendation (Serial No. 3)

Non utilization of funds and non furnishing of utilization certificates by the States under JNNURM

4.4 The Committee find that under BSUP, only Rs. 1193.14 crore could be utilized out of the total ACA of Rs. 2357.60 crore that was released to the States/UTs and for IHSDP the actual expenditure was only Rs. 370.46 crore which is mere 36% of the total allocation of Rs. 1015.43 crore.

The Committee express their deep concern on continuous trend of unspent balance of funds lying with the State Governments, for implementation of BSUP and IHSDP depicting the incomplete implementation of these schemes/programmes. The Committee are of the opinion that non-utilization of funds defeats the very purpose for which these schemes are formulated. The Committee are of the opinion that there is serious problem in planning and implementation of these schemes and there is an urgent need to review the situation. The

Committee, therefore, strongly recommend that comprehensive monitoring at Central level along with periodical and time review of implementation of the programmes should be done by a high powered body of the Ministry of Housing and Urban Poverty Alleviation so as to ensure proper implementation of the schemes.

The Committee note that States/UTs are still sitting on huge amount as unspent ACA released to the States/UTs. Under BSUP, unspent funds to the tune of Rs. 3002.15 crore out of Rs. 7012.35 crore are still lying with the States/UTs and under the IHSDP only Rs. 1082.75 crore could be utilized out of the total ACA of Rs. 4343.08 crore. The Committee want the Ministry to impress upon the various State Governments and the implementing agencies for timely utilization of ACA funds released to them. Non-utilization of funds adversely affect the very purpose of the scheme. The Committee urge the Ministry of sensitize the State Governments on the implications of taking casual approach towards BSUP and IHSDP programmes, that is negating the aims and objectives of these programmes.

Reply of the Government

4.5 During the initial phase of JNNURM Mission, the pace of submission of utilisation certificates was somewhat slow. However, after the initial phase, the States showed significant progress in the projects and started furnishing utilisation certificates to the Ministry showing utilisation of 70% or more of ACA released for getting further instalments of ACA for the approved projects under BSUP and IHSDP.

Utilisation of ACA for BSUP and IHSDP depends on the commitment of the State Governments and the ULBs to meet timelines agreed upon in the MOAs, releasing of matching State and ULB share and implementation/achievement of reforms apart from ensuring minimum quality standards in the projects. The project implementation has also experienced many bottlenecks such as cost escalation, lack of capacity at the local/State levels, beneficiaries' reluctance to move on to the new locations, lack of litigation free land and Court cases, etc.

To address capacity building challenges and to accelerate the actual pace of projects implementation at the ground level a number of the handholding workshops are being organized by the Ministry.

The Ministry is also following up with the States on the basis of the Monthly Progress Reports/Quarterly Progress Reports/Fund Utilisation/Reforms Status and Third Party Inspection. More and more States are now submitting utilisation certificates and demanding for further instalments of ACA in order to complete the projects within the prescribed time limit.

For the year under reference, final figures were as under:—

(Rs. in crores)

	BE	RE (2010-11)	Release (2010-11)
BSUP	2357.60	1629.75	1925.40
IHSDP	1015.43	587.43	880.25
Total	3373.03	2217.18	2805.65

As may kindly be seen the final releases are 26.54% more than the Revised Estimate. Statement showing the amount of utilisation certificates received from the States and their unspent balances as on 9.9.2011 is at Annexure:—

ANNEXURE

Unspent Balance with State Government : BSUP & IHSDP

(Rs. in Crore)
(Upto 9th Sept., 2011)

Sl.No.	State/UT	BSUP			IHSDP			Grand Total (BSUP + IHSDP)	
		ACA Released	UC Received against ACA Released	Unspent Balance	ACA Released	UC Received against ACA Released	Unspent Balance	ACA Received (BSUP+ IHSDP)	Unspent Balance (BSUP+ IHSDP)
1	2	3	4	5	6	7	8	9	10
1.	A&N Islands	0.00	0	0.00	5.53	0.00	5.53	5.53	5.53
2.	Andhra Pradesh	1053.97	764.27	289.70	614.37	267.83	346.54	1668.34	636.24
3.	Arunachal Pradesh	12.67	0.84	11.83	4.48	0.00	4.48	17.15	16.31
4.	Assam	48.80	24.4	24.40	35.11	0.00	35.11	83.91	59.51
5.	Bihar	78.19	0	78.19	105.35	0.00	105.35	183.54	183.54
6.	Chandigarh	227.22	174.06	53.16	0.00		0.00	227.22	53.16
7.	Chhattisgarh	169.29	78.05	91.24	118.31	55.68	62.63	287.60	153.87
8.	D&N Haveli	0.00	0	0.00	1.67	0.00	1.67	1.67	1.67
9.	Daman and Diu	0.00	0	0.00	0.29	0.00	0.29	0.29	0.29

1	2	3	4	5	6	7	8	9	10
10.	Delhi	357.19	74.93	282.26	0.00	0.00	0.00	357.19	282.26
11.	Goa	1.15	0	1.15	0.00	0.00	0.00	1.15	1.15
12.	Gujarat	656.68	457.94	198.74	125.81	33.32	92.49	782.49	291.23
13.	Haryana	31.18	23.37	7.81	124.66	39.61	85.05	155.84	92.86
14.	Himachal Pradesh	4.57	0	4.57	24.39	0.00	24.39	28.96	28.96
15.	Jammu and Kashmir	36.80	3.19	33.61	49.35	20.97	28.38	86.15	61.99
16.	Jharkhand	82.18	0	82.18	55.05	0.00	55.05	137.23	137.23
17.	Karnataka	223.98	137.33	86.65	171.30	98.99	72.31	395.28	158.96
18.	Kerala	125.37	66.98	58.39	130.70	39.67	91.03	256.07	149.42
19.	Lakshadweep	0.00	0	0.00	0.00		0.00	0.00	0.00
20.	Madhya Pradesh	193.74	107.68	86.06	128.48	12.48	116.00	322.22	202.06
21.	Maharashtra	1453.03	641.08	811.95	683.69	67.98	615.71	2136.72	1427.66
22.	Manipur	10.98	0	10.98	22.52	6.18	16.34	33.50	27.32
23.	Meghalaya	16.03	11.88	4.15	11.21	0.00	11.21	27.24	15.36
24.	Mizoram	27.26	7.23	20.03	14.89	0.00	14.89	42.15	34.92
25.	Nagaland	79.20	52.8	26.40	29.92	7.25	22.67	109.12	49.07
26.	Orrisa	23.49	9.95	13.54	95.33	9.01	86.32	118.82	99.86
27.	Puducherry	22.93	2.12	20.81	2.74	0.00	2.74	25.67	23.55
28.	Punjab	26.39	17.36	9.03	66.77	0.00	66.77	93.16	75.80
29.	Rajasthan	85.47	21.14	64.33	312.69	47.69	265.00	398.16	329.33
30.	Sikkim	15.23	7.96	7.27	8.96	0.00	8.96	24.19	16.23
31.	Tamil Nadu	605.35	344.9	260.45	316.55	141.12	175.43	921.90	435.88
32.	Tripura	13.96	10.47	3.49	34.55	15.52	19.03	48.51	22.52
33.	Uttar Pradesh	640.16	382.51	257.65	501.10	148.61	352.49	1141.26	610.14
34.	Uttarakhand	18.61	2.57	16.04	45.28	7.77	37.51	63.89	53.55
35.	West Bengal	797.98	361.66	436.32	503.50	205.15	298.35	1301.48	734.67
	Total	7139.05	3786.67	3352.38	4344.55	1224.83	3119.72	11483.60	6472.10

Comments of the Committee

4.6 For comments of the Committee please *see* Paragraph No. 1.10 of Chapter-I of the Report.

Recommendation (Serial No. 7)

Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP)

4.7 The Committee note that the total outlay for Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP) was Rs. 1100 crore during the 11th Plan Period and was proposed to cover around 3.10 lakh beneficiaries in four years period. However, the actual expenditure in past three years under the scheme has been Rs. 13.63 crore only covering 6175 beneficiaries in the States of Andhra Pradesh, Karnataka, Rajasthan, and Chhattisgarh. The Committee are pained to note that ISSHUP, a demand driven scheme, launched in 2008-2009, with the aim of encouraging people belonging to EWS/LIG sections in urban areas to avail loan from primary lending institutions with Central subsidy for acquisition/construction of houses has dismally failed to achieve even noticeable targets so far. They are pained to note that a scheme launched for the benefit of poor is being allowed to die its natural death due to sheer apathy of the Ministry. This is evident in the lower budgetary allocation of Rs. 50 crores for 2011-12 against the budget estimates of Rs. 200 crores in 2010-11. The Committee note that the Ministry itself has admitted the failure of the scheme due to inability of beneficiaries to produce proper documentation and guarantees with the lending institutions. The Committee are of the view that the success of the scheme depends on the active participation of all stakeholders *i.e.* the beneficiaries, agencies of the State Governments and primary lending institutions. In this regard they are given to understand that several States are taking proactive measures for easier documentation. The Ministry have held slew of meetings with the States and banks/HFIs besides circulating the initiative of the pro active States like Andhra Pradesh, Madhya Pradesh, Tamil Nadu and Kerala among all the States for peer learning and taking enabling measures for generating more applications. They are of the view that had the Ministry taken pro active measures like conferment of legal rights, extending mortgage facilities and considering the proposal like hire purchase agreement before the launch of the scheme, the fate of the scheme would have been altogether different. It appears that the scheme was launched in haste and without proper consideration and homework. The Committee have been told that this scheme is proposed to be dovetailed with Rajiv Awas Yojana and thereby the Ministry can hope that the scheme would gain momentum in due course of time.

The Committee can only hope that this will be fructified. The Committee while deprecating the inaction on the part of the Ministry hope that the Ministry will be able to sort out all the issues in consultation with all the stakeholders so that this scheme can be started in full swing without any hassles.

Reply of the Government

4.8 The scheme of Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP) was to be implemented in the 11th Five Year Plan, the Scheme was launched on 26th December, 2008 after the approval of Cabinet Committee on Economic Affairs.

As the scheme was a demand driven scheme, the success of the scheme depended upon the response by the beneficiaries. However, during implementation certain basic premise on which the scheme was conceived were found to be otherwise. Some of the problems encountered at the time of implementation of this scheme were:—

- (a) The individual *i.e.* Economically Weaker Sections (EWS)/ Low Income Group (LIG) beneficiary has a clear title to the land, which is also mortgageable,
- (b) The cost of construction/purchase of a house in urban areas is not more than Rs. 1.00 lakh/1.60 lakh,
- (c) The beneficiary has got the plan approved by competent authorities for construction, and
- (d) The beneficiary has the authenticated income certificates and source of regular income.

The Ministry has conducted several meetings with the States and Banks/Housing Finance Companies (HFCs) besides circulating the best practices adopted by some States. As a result of these meetings some of the above stated problems were resolved by those States which took proactive steps. For example, Government of Madhya Pradesh and Tamil Nadu gave pattas to the occupants of the land and made them mortgageable. Housing Boards were asked to prepare standard plans duly approved for beneficiaries of the scheme. The States of Andhra Pradesh, Karnataka, Kerala and Chhattisgarh have dovetailed their State housing scheme into the scheme of ISSHUP, so as to augment the resources for the beneficiaries. Because of continuous interaction and persuasion by this Ministry, the scheme has become operational in eight States namely Andhra Pradesh, Karnataka,

Chhattisgarh, Tamil Nadu, Kerala, Rajasthan, Maharashtra and Uttar Pradesh. A total subsidy of Rs. 6.6 crores has been released by two CNAs covering about 7805 beneficiaries as on 03.08.2011.

There have been several initiatives taken by the State Governments of Tamil Nadu, Kerala and Madhya Pradesh which is expected to show results in near future and it is anticipated that the scheme would take off in these States during the current year 2011-12. As on date there is large gap of applications forwarded to the Banks and sanctions done by the Banks. For example, it has been stated that in the four southern States nearly **1.20 lakh** applications have been forwarded to the Banks out of which only 20,000 applications have been sanctioned. The Ministry is pursuing the matter with the Chiefs of the Banks/ Housing Finance Institutions to expedite clearance of pending applications, disburse the sanctioned loans and claim subsidy amount from the Central Nodal Agencies (CNAs) *i.e.* National Housing Banks (NHBs) and Housing & Urban Development Corporation (HUDCO), so that the benefit of interest subsidy is immediately passed on to the beneficiaries.

It is brought out that ISSHUP, is the first endeavor of Government of India to pass on the direct benefit to the ultimate beneficiaries without any intermediaries by using the resurgent banking network in the country. The new concept has been taken much time to sink into the conscious of all concerned. However, Ministry is ceased of the inherent defects of the scheme and is working out possible solutions to ensure that the desired objective of "Affordable Housing for All" could be substantially realized through the ISSHUP scheme.

Further, the scheme of ISSHUP has been dovetailed with the new ambitious scheme of Rajiv Awas Yojana (RAY), meant for eradication of Slums, which is expected to open new avenues for the Scheme of ISSHUP.

The Ministry is proposing constitution of an Advisory Committee consisting of the representatives of the two CNAs, State Governments, renowned non-official members from the Banking field etc., who will work out further ways in which the scheme could reach the target audience.

Comments of the Committee

4.9 For comments of the Committee please *see* Paragraph No. 1.13 of Chapter-I of the Report.

Recommendation (Serial No. 9)

Concurrent evaluation of the Schemes

4.10 The Committee note that the SJSRY has been under implementation since 1997. Statistically, the Ministry has impressive figures about the number of beneficiaries that have been assisted for setting up of individual micro-enterprises, group micro enterprises, beneficiaries provided skilled training and man-days generated. However, in absolute terms, the number of urban poor estimated has gone up by more than four million between 1993-94 and 2004-05. The Committee note that Ministry have decided to start the process of concurrent evaluation of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) in one State from every region beginning this year. However since, most of the other major schemes undertaken by the Ministry except SJSRY are demand driven and no physical or financial targets are fixed, it is very difficult to assess and analyse the real performance of the Ministry and States/UTs in terms of implementation of these schemes. The Committee note that the financial allocations under SJSRY to the States are made on the basis of incidence of urban poverty as per Planning Commission norms whereas Physical and Financial progress are commensurate to each other. The Committee feel that undoubtedly the process of concurrent evaluation would definitely help in identifying the gaps and opportunities in the current implementation of SJSRY and in turn help formulate suggestions for further simplification of procedure for the scheme on one hand and on other it would also be helpful in evaluating the performance of the Ministry and the States/UTs, besides assessing its net impact on the incidence of poverty in a more rational manner. The Committee, however, feel that such selective evaluation, *viz.* one State from each region, would not be adequate in taking the stock of the scheme in its entirety. The Committee, therefore, desire that the concurrent evaluation of the scheme may be extended to other schemes undertaken as well and across the country to make it more meaningful. The Committee further desire that the Ministry while conducting concurrent evaluation of the SJSRY scheme should collect statistics about the number of beneficiaries that have been assisted for setting up of individual micro enterprises/ group micro enterprises provided skilled training have actually set up micro enterprises and got employment during the last three years. The Committee would like to be apprised of the statistics.

Reply of the Government

4.11 The Ministry is under process of getting the concurrent evaluation of SJSRY done in the States of Rajasthan, Uttar Pradesh, Punjab and Karnataka in the first phase on pilot basis. The scheme of SJSRY may be concurrently evaluated in other States also in coming years.

The views of Hon'ble Committee regarding collection of statistics about the number of beneficiaries assisted for setting up of individual micro enterprises/group micro enterprises, persons who have actually set up micro enterprises/got employment after undergoing skill training during the last three years are noted.

Comments of the Committee

4.12 For comments of the Committee please see Paragraph No. 1.16 of Chapter-I of the Report.

Recommendation (Serial No. 10)

Housing and Urban Development Corporation (HUDCO)

4.13 The Committee note that the Ministry of Housing and Urban Poverty Alleviation had set up a high-powered Committee under Shri Ashok Jha to rejuvenate Housing and Urban Development Corporation (HUDCO) with a view to strengthening its financial position and expansion of activities, and to provide better services to poor and weaker sections of the society. The high powered Committee suggested measures for rejuvenating of HUDCO *viz.* allowing HUDCO to raise funds for capital investment in urban infrastructure, securing letter of comfort from Government of India for 3 years to enable it to get 'AAA' credit rating, allowing HUDCO to follow RBI norms in respect of credit connection, permission to issue Bonds under section 54 (EC) of the Income Tax Act which would save Rs. 608 crore in 3 years etc. The Committee are broadly in agreement with the suggestions of the High powered Committee that HUDCO may diversify its revenue streams gradually to gain a substantial receipt from non-interest based/fee based streams. The Committee are, however, disappointed to learn that the Ministry has not been able to put the recommendations of the Ashok Jha Committee before the Ministry of Finance to get their views and approval stating that first HUDCO will chalk out a plan to first restructure its internal systems of finance management and functioning to reduce its operating expenses and considerably enhance to focus on social housing and present a credible plan on reducing costs borrowing or enhanced profitability from lending to other sectors.

The Committee are of the view that these steps would take much time resulting in unnecessary delays in adopting the recommendations of the high powered Committee. The Committee recommend that the Ministry should place suggestions of the high powered Committee before the Ministry of Finance and convince them otherwise the very purpose of appointing the high powered Committee would be defeated

and the HUDCO in particular and the beneficiaries in general would be deprived of the benefit of such recommendations. At the same time, the Committee also recommend that HUDCO should strive its best to reposition itself to become a self-sustaining entity so as to meet the requirements of the ever-increasing housing sector single handedly.

Reply of the Government

4.14 HUDCO is a premier national techno-financial Institution in housing and urban infrastructure sector with a social orientation. In recent past, HUDCO had witnessed a few problem areas like withdrawal of government support in the form of concessions extended, negative spread in social housing, asset-liability mismatch, etc. In order to rejuvenate HUDCO to overcome these problem areas, to strengthen its financial position and to expand its activities for better service to poor & weaker sections of the society, the Government of India had set up a High Power Committee (2008). In line with the recommendations of the Committee HUDCO has restructured and repositioned itself by taking major initiatives such as: Preparation of a vision document 'HUDCO Corporate Plan 2020'; Restructuring of HUDCO at both Corporate Level as well as Regional Level; and Effecting improvements in operational Procedures.

HUDCO's future plans in terms of operational and financial projections, line of business it proposes to follow and the proposed activities are envisioned in its Corporate Plan 2020, which has envisaged a major focus and thrust on social housing sector and core infrastructure funding in the years to come. It has envisaged a major growth in the social housing sector by projecting to support 11.64 million units in the next 10 years (2010-11 to 2019-20), averaging to about 1.16 million units every year. The Corporate Plan 2020 *inter-alia* has the goal of realizing a share of 20-25% of its entire operations for social housing within its operations, by 2014. It anticipates increasing the core infrastructure operations to a significantly higher level, so as to retain its reputation of the largest supporter of city level urban infrastructure projects in the country. In addition, HUDCO has taken steps to reposition itself towards become a self-sustaining entity including modern management structure of the organisation through ERP, IT networking & video conferencing with regional offices, professional directors in HUDCO Board, etc.

Further, in line with the motto of 'profitability with social justice' the Corporate Plan anticipates substantial increase in gross margin through a policy of cross-subsidisation where a negative spread in the

range of 0.69% to 2.46% for social housing operations are to be cross-subsidised by the positive spread on 'other housing' and 'other urban infrastructure' lending. One of the goals of the Corporate Plan is to reduce the NPA level to 2% of the total loans outstanding by 2019-20 from the present 5%.

In order to move along the projected growth trajectory, the Corporate Plan 2020 proposes key operational strategies and action plans for its various products & services by adopting a new business model on the theme of—"HIGH VOLUME-LOW RISK-LOW MARGIN" where lower yields would be compensated by high volumes of business.

Towards meeting the projected quantum jump in the social housing and core infrastructure operations and in line with the recommendations of the High Power Committee, HUDCO has been seeking an facilitatory and enabling support from the Government of India, Ministry of Housing and Urban Poverty Alleviation including letter of comfort from Government of India for achieving highest credit rating, allowing plan fund allocation towards repayment of over dues of HUDCO, relaxation in respect of credit concentration norms of NHB, permitting HUDCO to raise funds through tax-free bonds to support core infrastructure projects, permitting HUDCO to issue 54 (EC) bonds, external commercial borrowings and low cost funds from multi-national agencies, restoration of equity support to HUDCO, plough back of dividend and permission for issue of convertible debentures.

The Isher J. Ahluwalia Committee Report on Indian Urban Infrastructure & Services has also endorsed the recommendations of the High Power Committee on HUDCO (2008) that the equity base of HUDCO should be enhanced in order to help rejuvenate the Institution and also recommended that HUDCO should receive the benefits available to infrastructure financing companies like access to long-tenor finance including external commercial borrowing (ECB), since it is engaged in long-term financing of urban infrastructure and housing. The Isher J. Ahluwalia Committee also recommended that there should be a professional Board and modern management structure in place in line with the major players in the infrastructure and housing sector. Once these mechanisms are put in place, and modern management and effective governance assured, HUDCO should be able to perform its role as a key financier of urban infrastructure and low income housing.

As a result of its restructuring and repositioning in tune with the challenging market conditions, the performance of HUDCO in respect of its MoU targets has also been impressive. As against, the MoU

sanction target of Rs. 16,500 crores for 2010-11, HUDCO has been able to achieve Rs. 19,671 crores which is 119% of the targets. Similarly, for releases, as against the MoU target of Rs. 6,400 crores for 2010-11, HUDCO has been able to achieve Rs. 5,105 crores which is 88% of its targets. HUDCO has already achieved 20% & 41% of its MoU target for 2011-12 for sanctions and releases respectively in the first 5 months of the current financial year.

Given the huge urban housing shortage of around 26 million units in the country, HUDCO is expected to play a major role in providing affordable housing. In this scenario of the need to increase manifold HUDCO's lending for weaker sections at concessional terms, and also maintaining its sustainability so as to retain its credibility for borrowing from the market and also to earn a reasonable level of profits to ensure payment of dividends, HUDCO has put up an interest subsidy scheme proposal where an interest subvention of 2% to HUDCO, which is the net difference between its overall borrowing rate and its lending rate for the EWS and LIG categories, is proposed for carrying out the social housing programme.

In view of the above, it is submitted that HUDCO has already taken action for repositioning itself to enhanced focus on social housing operations while maintaining the motto of 'profitability with social justice' through the policy of cross subsidisation. Some of the key actions include HR restructuring, HSMI restructuring, SBU-wise operational restructuring and major focus on social housing operations. In addition, the National Housing Bank has kindly extended the relaxation of credit concentration norms for HUDCO and through the Union Budget 2011-12, the Government of India has proposed to permit HUDCO to raise resources to the tune of Rs. 5,000 crore through tax-free bonds. It is hoped that other enabling support, as envisaged in HPC Report on HUDCO & Isher J. Ahluwalia Committee Report Indian Urban Infrastructure & Services, would be extended by the Government of India in order to further increase the operations of HUDCO which would go a long way in achieving the social housing goals in the country.

Comments of the Committee

4.15 For comments of the Committee please *see* Paragraph No. 1.19 of Chapter-I of the Report.

CHAPTER V

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

Recommendation (Serial No. 5)

Integrated Low Cost Sanitation Scheme (ILCS)

5.1 The Committee note that Integrated Low Cost Sanitation Scheme (ILCS) had been under implementation through Ministry of Urban Development since 1989 to 2003-04 and through the Ministry of Housing and Urban Poverty Alleviation *w.e.f.* 2004-05. The focus of the scheme is on conversion of dry latrines and construction of new latrines for latrine-less households so as to address the issues of sanitation in cities and towns. The Committee find that the States of Bihar, Uttar Pradesh and Uttarakhand are yet to declare them dry latrine free. The Committee have been told that the States of Bihar and Uttar Pradesh have assured to declare them dry latrine free by 31st March, 2011. Even then they find a contradictory claim by a NGO about the existence of dry latrines in the country. The Committee understand that the survey in this regard is being undertaken afresh. The Committee are pained to observe that this scheme has not been handled properly by the Ministry and the States. This is evident from the fact that on being challenged by a NGO, the Ministry got ready to conduct the survey again thereby putting a question mark on the authenticity of earlier survey. Hence, the Committee want the Ministry to direct the States to collect the data in respect of dry latrines and take pragmatic measures to tackle the problem. They would also like to be apprised of the status of dry latrines in the States of Bihar and Uttar Pradesh.

Reply of the of the Government

5.2 Approximately 6 lakhs dry latrines had been reported by various States after house to house survey in the urban areas. These figures were changed after excluding other unsanitary types of latrines during implementation and eventually 2,51,963 dry latrines were reported from the States of Bihar, Uttar Pradesh, Tripura, Nagaland and Jammu & Kashmir. This Ministry has been constantly monitoring the progress of completion of conversion task. As per the latest details available, all these States except Uttar Pradesh have accomplished the

conversion of dry latrines into sanitary latrines. Presently only the State of Uttar Pradesh has reported the existence of 3,634 dry latrines which are also stated to be under progress for conversion into sanitary latrines. The State has committed that they will complete conversion work during the current year.

As per the information submitted by Safai Karmachari Andolan (SKA) in the Country on the basis of a sample survey conducted in the country has reported that 4856 manual scavengers and 23,832 dry latrines are existing in 14 States namely Uttarakhand, Uttar Pradesh, Bihar, Rajasthan, Jammu & Kashmir, Orissa, West Bengal, Assam, Jharkhand, Maharashtra, Punjab, Gujarat, Himanchal Pradesh and Chhattisgarh. This Ministry has sought Action Taken Report from all these State Governments and is also pursuing with them to confirm correctness and if found true, take appropriate action immediately. Some States *viz.*, Maharashtra, Punjab, Gujarat and Himanchal Pradesh have confirmed that these inputs were incorrect. Information from other States are awaited.

At the behest of this Ministry the Registrar General of India had incorporated ten types of latrines in the Census of India Survey 2010-11 which includes Service latrine—Night soil serviced by humans. The Registrar General of India has reported that the House listing and Housing Census has been conducted during the period April to September, 2010, Data in respect of the dry latrines as at above would be available after processing of the House listing and House-hold Schedules which is presently underway is completed and results are available. Once the data in respect of the dry latrine is available Ministry of Housing and Urban Poverty Alleviation will take further steps in this regard.

Ministry of Social Justice and Empowerment has proposed for a elaborate survey regarding all types of dry latrines and manual scavengers for identifying all types of manual scavenging and rehabilitation of manual scavengers and their dependents based on the recommendations of National Advisory Council. This would only supplement the elaborated Census data which is expected to be compiled by the end of the year.

Official statistics made available to this Ministry substantiate the claim that there are no dry latrines in any of the States/Union Territories except Uttar Pradesh. So far as this Ministry is concerned further action for tackling dry latrines, if any, will be taken only after the Census, 2011 data is available. However, this Ministry has taken serious note of the various contrary inputs given by the NGOs and is

pursuing the matter with the States to take stringent action to demolish the existing dry latrine and to liberate and rehabilitate the manual scavengers, if any.

Hon'ble Minister for Housing and Urban Poverty Alleviation has written to all States Chief Minister to look into the matter and to declare the respective States as dry latrine free.

NEW DELHI;
04 January, 2012

14 Pausa, 1933 (Saka)

SHARAD YADAV,
Chairman,
Standing Committee on
Urban Development.

ANNEXURE I

STANDING COMMITTEE ON URBAN DEVELOPMENT (2011-2012)

MINUTES OF THE THIRD SITTING OF THE COMMITTEE HELD
ON WEDNESDAY, 4 JANUARY, 2012

The Committee sat from 1100 hrs. to 1300 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Sharad Yadav — *Chairman*

MEMBERS

Lok Sabha

2. Shri J.P. Agarwal
3. Shri M. Anandan
4. Shri Pratap Singh Bajwa
5. Shri Ambica Banerjee
6. Smt. J. Helen Davidson
7. Shri Bijoy Krishna Handique
8. Shri Mohinder Singh K.P.
9. Prof. (Dr.) Ram Shankar Katheria
10. Shri Ramesh Kumar
11. Shri Sonawane Pratap Narayanrao
12. Shri Rakesh Sachan
13. Shri Umashankar Singh

Rajya Sabha

14. Shri Parvez Hashmi
15. Shri Avinash Pande

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Shri R.K. Jain — *Director*
3. Smt. K. Rangamani N. — *Under Secretary*

2. At the outset, the Hon'ble Chairman welcomed all the Members to the third sitting of the Committee. The Committee then took up for consideration and adoption of the draft Report on action taken by the Government on the observations/recommendations contained in the 15th Report (Fifteenth Lok Sabha) of the Committee on Demands for Grants (2011-12) of the Ministry of Housing and Urban Poverty Alleviation. After deliberations, the Committee adopted the report without any modification.

3. ***

4. ***

5. A verbatim record of the proceedings of the Sitting has been kept.

The Committee then adjourned.

***This portion does not relate to the Report.

ANNEXURE II
[Vide para 4 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON
THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN
THE FIFTEENTH REPORT OF THE STANDING COMMITTEE
ON URBAN DEVELOPMENT ON 'DEMANDS FOR
GRANTS (2011-12) OF MINISTRY OF HOUSING
AND URBAN POVERTY ALLEVIATION'
(FIFTEENTH LOK SABHA)

I. Total number of recommendations	10
II. Recommendations/Observations which have been accepted by the Government:	3
Recommendation Nos. 4, 6, 8	
Percentage to total recommendations	(30%)
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies:	1
Percentage to total recommendations	(10%)
IV. Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:	5
Recommendation Nos. 2, 3, 7, 9, 10	
Percentage to total recommendations	(50%)
V. Recommendations/Observations in respect of which final replies of the Government are still awaited:	1
Recommendation No. 5	
Percentage to total recommendations	(10%)