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**STANDING COMMITTEE ON
URBAN DEVELOPMENT
(2009-2010)**

FIFTEENTH LOK SABHA

MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION

**DEMANDS FOR GRANTS
(2009-2010)**



SECOND REPORT

**LOK SABHA SECRETARIAT
NEW DELHI**

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Presented to Lok Sabha on 17.12.2009

Laid in Rajya Sabha on 17.12.2009



**LOK SABHA SECRETARIAT
NEW DELHI**

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COMPOSITION OF THE
STANDING COMMITTEE ON URBAN DEVELOPMENT (2009-2010)

Shri Sharad Yadav - Chairman

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| 4. | Ms. Amita Walia | - | Under Secretary |
| 5. | Shri Priyadarshan | - | Senior Committee Assistant |

INTRODUCTION

I, the Chairman of the Standing Committee on Urban Development (2009-10) having been authorized by the Committee to submit the Report on their behalf, present the Second Report on Demands for Grants (2009-10) of the Ministry of Housing and Urban Poverty Alleviation.

2. The Demands for Grants of the Ministry of Housing and Urban Poverty Alleviation were laid on the Table of the House on 10th July, 2009. The Demands for Grants (2009-2010) of the Ministry have been examined by the Committee under Rule 331E(1)(a) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took evidence of the representatives of the Ministry of Housing and Urban Poverty Alleviation on 21st October, 2009. The Committee wish to express their thanks to the officials of the Ministry of Housing and Urban Poverty Alleviation for placing before them the requisite material and their considered views in connection with the examination of the subject.

4. They would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

5. The Committee considered and adopted the Report at their sitting held on 15th December, 2009.

6. For facility of reference, the observations/recommendations of the Committee have been printed in bold letters and placed as Part-II of the Report.

New Delhi;

15 December, 2009
24 Agrahayana, 1931 (Saka)

SHARAD YADAV
Chairman
Standing Committee on Urban Development

PART-I

CHAPTER I

INTRODUCTORY

1.1 India has witnessed the twin phenomenon of a fast economic growth and rapid urbanization in the recent past. It has planned to achieve a target of over 9% growth by the end of 11th plan period after registering around 8% growth in GDP in the last couple of years. About 62 percent of GDP is now being generated in towns and cities. India's urban population is also increasing at a faster rate than its total population. At the present level, the population living in cities and towns in India, is estimated to be around 286 million i.e. 28% of the entire population. However, unfortunately the pace of urbanisation in India has also led to an increase in urban poverty. Although, at the national level, rural poverty is higher than the poverty in urban areas yet the gap between the two has decreased. Based on the sample survey conducted by the National Sample Survey Organisation, the Planning Commission has estimated that urban poverty in India in 2004-2005 was 25.7 percent. For the urban planners, it is a challenge to bring the poor and marginalized section of a city's population into the mainstream and to make them legitimate beneficiaries of the various housing and poverty alleviation schemes run by the Government. Ministry of Housing and Urban Poverty Alleviation is the apex authority of Government of India at the national level for formulation of housing policy and programmes as well as for addressing various issues of urban employment and poverty alleviation.

1.2 The Ministry of Housing and Urban Poverty Alleviation deals with two major areas, namely, (1) Housing and Human Settlements and (2) Urban Employment and Poverty Alleviation. The business allocated to the Ministry as depicted is as under:

- (i) Formulation of housing policy and programme (except rural housing), review of the implementation of the Plan schemes, collection and dissemination of data on housing, building materials and techniques, general measures for reduction of building costs and nodal responsibility for National Housing Policy;

- (ii) Human Settlements including the United Nations Commission for Human Settlements and International Cooperation and Technical Assistance in the field of Housing and Human Settlements;
- (iii) Urban Development including Slum Clearance Schemes and the Jhuggi and Jhonpri Removal Schemes. International Cooperation and Technical Assistance in this field;
- (iv) All the issues relating to the National Cooperative Housing Federation;
- (v) Implementation of the specific programmes of Urban Employment and Urban Poverty Alleviation including other programmes evolved from time to time; and
- (vi) All matters relating to the Housing and Urban Development Corporation (HUDCO) other than those relating to urban infrastructure.

1.3 The Ministry implements the above mandated work through formulation of appropriate policies, implementation of specific plan/programmes of housing, generation of employment in urban areas, and supporting autonomous bodies for undertaking relevant programmes and schemes.

Policies and Schemes/Programmes supported by the Ministry

1.4 Policies under implementation

- (1) **National Urban Housing and Habitat Policy, 2007** – This is the first focused housing policy which aims at promoting sustainable development of habitat and to address the goal of ‘Affordable Housing for All’. The policy also advocates involvement of multiple stakeholders *viz.* private sector, cooperative sector and industrial sector for finding the financial and other resources to reach the goal.
- (2) **National Policy on Urban Street Vendors, 2009** – This policy addresses the issue of urban planning impinging on street vending activities and providing for a legal framework to enable street vendors to earn an honest living without harassment.

1.5 Schemes and Programmes

The Ministry of Housing and Urban Poverty Alleviation provides support to the following Schemes and Programmes:

(1) Centrally Sponsored Schemes

(i) Urban Housing;

- (a) Jawaharlal Nehru National Urban Renewal Mission (JNNURM) launched on 3rd December, 2005 with an objective to provide focused attention to the integrated development of urban infrastructure and services in select 65 cities with emphasis on urban poor, slum improvement, community toilets/baths etc. The Mission has two main components viz. Basic Services for Urban Poor (BSUP) and Integrated Housing and Slum Development Programme (IHSDP) and Affordable Housing in Partnership as an additional component.
- (b) Interest Subsidy Scheme for Housing for Urban Poor (ISSHUP).
- (c) Plan Scheme of NBO viz. "Urban Statistics for HR and Assessments (USHA) aimed at the development and maintenance of national database, MIS and knowledge repository relating to urban poverty, slums, housing, construction and other urbanization related statistics.
- (d) Building Centres Scheme (BCS).
- (e) A new scheme named Rajiv Awas Yojana has been launched in the year 2009, which envisions a slum-free India in five years, based on a whole city approach.

(ii) Urban Poverty Alleviation Scheme

Swarna Jayanti Shahari Rozgar Yojana (SJSRY) with an objective to address urban poverty alleviation through gainful self-employment or wage to the urban unemployed or underemployed poor with support, skill development, training and empower community to tackle urban issues for their sustainability. This scheme has five main components viz. Urban Self Employment Programme (USEP), Urban Women Self Help Programme (UWSP), Skill Training for Employment Promotion amongst Urban Poor (STEP-UP), Urban Wage Employment Programme (UWEP) and Urban Community Development Network (UCDN).

(iii) Slum improvement/upgradation and Sanitation scheme

Integrated Low Cost Sanitation Scheme (ILCS).

(2) Other Schemes/Projects

- (i) Government of India's UNDP project on 'National Strategy for Urban Poor'.
- (ii) Contribution to UN Centre for Human Settlements (now UN-Habitat).
- (iii) Projects/Schemes for the development of North-Eastern States including Sikkim under 10% Lump-Sum Provision earmarked for this purpose.

(3) Supervision and monitoring of the work of one attached office *viz.* National Buildings Organisation, two Public Sector Undertakings, namely, Housing and Urban Development Corporation (HUDCO) and Hindustan Prefab Limited (HPL) and three autonomous bodies *viz.* Building Materials and Technology Promotion Council (BMTPC), Central Government Employees Welfare Housing Organisation (CGEWHO) and National Cooperative Housing Federation (NCHF).

Review of the status of implementation of recommendations contained in the Thirty-Second Report of the Committee on Demands for Grants (2008-2009) of Ministry of Housing and Urban Poverty Alleviation.

1.6 The Thirty-Second Report (14th Lok Sabha) of the Standing Committee on Urban Development on Demands for Grants (2008-2009) of the Ministry of Housing and Urban Poverty Alleviation was presented to Parliament on 16 April, 2008 and Action Taken Report (Thirty-Fourth Report) thereon was presented on 23 October, 2008.

1.7 In pursuance of the Direction 73A of direction issued by Honøble Speaker, Lok Sabha, the Minister of State (Independent Charge) for Housing and Urban Poverty Alleviation, made a Statement on 25 February, 2009 in Lok Sabha on the status of implementation of the recommendations contained in the said Thirty-Second Report of the Committee and Thirty-Fourth Action Taken Report thereon.

1.8 In their Thirty-Second Report, the Committee had made 13 recommendations. Out of these recommendations, 10 recommendations have been accepted by the Government and are at various stages of implementation. Replies of the Government on 3 recommendations have not been accepted by the Committee and are yet to be implemented by the Government.

1.9 The Committee desire that Government should implement all the recommendations of the Committee and apprise them about the action taken for implementation of the remaining three specific recommendations, which are yet to be implemented.

1.10 The Budget of the Ministry of Housing and Urban Poverty Alleviation comprises of one Demand for Grants *i.e.* Demand No.56 - Ministry of Housing and Urban Poverty Alleviation, which was laid in Parliament on 10 July, 2009. Same has been discussed in succeeding paragraphs of this Report.

CHAPTER II

OVERALL ANALYSIS OF DEMAND FOR GRANTS (2009-2010)

2.1 The overall Budget Estimate for the year 2009-10 in respect of Ministry of Housing and Urban Poverty Alleviation under Demand No.56 is Rs.857.97 crore. Following is the statement submitted by the Ministry showing the Budget Allocation for 2009-10 (Both Plan and Non-Plan)

(Rs. in crore)

Demand No. 56	Gross			Net			Net		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Revenue	Capital	Total
	850.00	7.97	857.97	850.00	7.97	857.97	857.97	0.00	857.97
Total	850.00	7.97	857.97	850.00	7.97	857.97	857.97	0.00	857.97

2.2. When the Committee enquired so, the Ministry furnished a statement showing BE and RE 2008-09 and BE 2009-10, indicating percentage variation therein, which is reproduced as under:

Net Basis

(Rs. in crore)

Demand No.56	BE 2008-09		RE 2008-09		BE 2009-10		% Variation over BE 2008-09 Excess(+) Saving (-)		% Variation over RE 2008-09 & BE-2009-10 Excess(+) Saving (-)	
	<i>Plan</i>	<i>Non-Plan</i>	<i>Plan</i>	<i>Non-Plan</i>	<i>Plan</i>	<i>Non-Plan</i>	<i>Plan</i>	<i>Non-Plan</i>	<i>Plan</i>	<i>Non-Plan</i>
Revenue	850.00	5.00	670.00	6.89	850.00	7.97	0.00%	59.40%	26.87%	15.67%
Capital	0.00	1.50	0.00	0.00	0.00	0.00	0.00%	-100.00%	0.00%	0.00%
TOTAL	850.00	6.50	670.00	6.89	850.00	7.97	0.00%	22.62%	26.87%	15.67%

2.3 The Ministry of Housing and Urban Poverty Alleviation, in a written note, informed that out of the B.E. for the year 2009-2010 i.e. Rs. 857.97 crore (Gross including both Plan and Non-Plan), the respective provisions on the Revenue and Capital sides are Rs. 857.97 crore and Rs. 0.00 crore respectively. The break-up of Plan and Non-Plan provision is Rs. 850.00 crore and Rs.7.97 crore, respectively. A brief comparative analysis of BE 2008-2009 *vis-à-vis* 2009-2010 depict that BE 2008-2009 amounted to Rs. 850.00 crore (Plan) and Rs. 6.50 crore (Non-Plan) totaling to Rs. 856.50 crore in 2008-2009. Thus, the increase in the Budgetary allocation to the Ministry for the financial year 2009-2010 was a meagre Rs.1.47 crore on the Non-Plan of the total allocation.

2.4 During the oral evidence of the representatives of the Ministry of Housing and Urban Poverty Alleviation, the Secretary while elaborating upon the budget proposals deposited as under:-

“We had asked for a Budget of Rs.857.97 crore for the Ministry, which does not include the money for JNNURM for which the money is provided as Additional Central Assistance directly into the Budget of the Ministry of Finance. That amount of Rs.3,792 crore is an additional amount.”

2.5 On being asked whether Budgetary allocation for this year would be sufficient for the Ministry keeping in view the launching of a new Scheme ó ISSHUP and the need for smooth and successful implementation of various schemes, the Ministry in their written reply stated as follows:

“It is envisaged that the budgetary provision for the year 2009-10 to the Ministry of Housing and Urban Poverty Alleviation would be sufficient to sustain the on-going Schemes of the Ministry. Our experience is that the requirement of funds for a new scheme in its first year is not high. However, depending on the progress of the scheme, additional allocation from the Planning Commission may be requested.”

2.6 On being asked the reasons for keeping BE 2009-10 (Plan) same as BE 2008-09 (Plan) whereas there was an increase of as high as 70% in BE 2008-09 (Plan) as compared to BE 2007-08 (Plan), the Ministry in their written reply stated as follows:

“The expenditure, rather than the BE, of the previous year, the small availability and the competing priorities are generally the basis by which Planning Commission decides the allocation to various plan schemes/ projects. The Planning Commission has allocated Rs.850.00 crore for Plan Schemes/Projects taking these factors into account.”

2.7 On the other hand, the BE 2008-2009 (Plan) of Rs.850 crore was reduced to Rs.670 crore at RE 2008-09 (Plan). Replying to the Committee’s query on the same, the Ministry replied as under:

“The provision of Rs.850.00 Crore in BE 2008-09 was reduced to Rs.670.00 Crore at RE 2008-09 stage due to the fact that (i) the Interest Subsidy for Housing Urban Poor (ISHUP) Scheme received approval of the CCEA at the fag end of December, 2008. Hence, the Budget provision of Rs.95.00 Crore for this scheme was reduced to Rs.30.00 Crore at RE Stage. (ii) the BE 2008-09 of Rs.150.00 Crore for Integrated Low Cost Sanitation (ILCS) Scheme, was reduced to Rs.40.03 crore at R.E. stage. Less amount in ILCS was proposed in the R.E. 2008-09 due to non utilization of funds released during 2007-08, which were adjusted in the releases during 2008-09 and also taking into account reduction in the number of dry latrines reported by States after surveys (the States of Assam and Nagaland have reported that there are no dry latrines).”

2.8 Following is the approved outlays and expenditure during 10th Five Year Plan and year-wise as well as scheme-wise allocation during the 11th Five Year Plan period:

Rs. in crore

Sl. No.	Schemes	10 th Plan (2002-07) Approved Outlays	10 th Plan allocations	11 th Plan (2007-12) Proposed Outlays	11 th Plan (2007-12) Approved Outlays	BE 2007-08	BE 2008-09	BE 2009-10
1	2	3	4	5	6	7	8	9
1	VAMBAY	2040.00	1061.44	0.00	--	0.00	0.00	0.00
2	SJSRY	541.00	706.39	4500.00	1750.00	344.00	515.00	515.00
3	Low Cost Sanitation	200.00	150.00	545.16	200.00	40.00	150.00	60.00
4	National Scheme of Liberation & Rehabilitation of Scavengers	460.00	140.00	0.00	--	0.00	0.00	0.00
5	BMTPC	20.00	21.22	55.19	36.00	7.00	7.00	7.00
6	Night Shelter Scheme	30.97	11.50	0.00	--	0.00	0.00	0.00
7	Urban Indicators Programme	1.00	0.35	0.00	--	0.00	0.00	0.00
8	Building Centres	3.00	0.00	50.00	5.00	1.00	1.00	1.00
9	HUDCO Equity for Housing	1000.00	620.60	0.00	--	0.00	0.00	0.00
10	NCHF	1.00	1.56	2.00	3.00	0.40	0.40	0.00
11	Displaced persons in Urban Colonies in West Bengal	8.03	6.01	0.00	--	0.00	0.00	0.00
12	Resettlement of Slums in Dharavi and along the road side connecting airport with south Mumbai	0.00	75.00	0.00	--	0.00	0.00	0.00
13	UNDP Assistance for National Strategy for Urban Poor	0.00	18.00	20.00	5.00	5.00	5.00	0.00
14	Computerization	0.00	1.00	5.00	5.00	1.00	1.60	1.00
15	Urban Development Projects in the North East		0.01	0.00	--	0.00	0.00	0.00
16	North East Lumpsum Provision	405.00	289.67	10% of total GBS	200.00	50.00	50.00	50.00
17	Employment Assurance & skill formation in Urban Areas	--	0.00	0.00	--	0.00	0.00	0.00
18	Urban Statistics for HR and Assessment Scheme (USHA)	--	0.00	75.00	35.00	7.60	10.00	15.00
19	JNNURM (Administrative Expenses)	--	0.00	270.00	70.00	14.00	15.00	20.00
20	Interest Subsidy for Housing to Urban Poor	0.00	0.00	3995.00	1378.00	30.00	95.00	180.59
	TOTAL	4710.00	3102.75	9517.35	3687.00	500.00	850.00	850.00

2.9 From the above table, it is evident that the actual allocation for the 10th Plan (2002-2007) was Rs.3102.75 crore and against this the approved 11th Plan outlay is 3687.00 crore, which is just 18.83% more than that of the 10th Plan.

2.10 In a reply to a query, the Committee were informed that apart from the funds allocated to the Ministry of Housing and Urban poverty alleviation, the Government has allocated enhanced funds as 'Additional Central Assistance' for housing and provision of basic amenities to urban poor under JNNURM, which is reflected in the budget of the Ministries of Finance and Home Affairs* as under :

	Ministry of Finance	Ministry of Home Affairs	Total
BSUP	2168.94	355.71	2524.65
IHSDP	1108.86	8.72	1117.58
Rajiv Awas Yojana	150.00		150.00
Grand Total	3427.80	364.43	3792.23

* The Ministry of Home Affairs handles Union Territories.

2.11 Under the jurisdiction of the Ministry there are three major Schemes viz. SJSRY, ILCS and JNNURM, which has two components namely BSUP and IHSDP to tackle the problem of urban slums and to provide self-employment to urban poor. The detailed analysis of the aforesaid Schemes has been made in the subsequent chapters of the Report. The allocations for 2009-10 under these Schemes are Rs.515 crore for SJSRY Scheme, Rs. 60 crore for ILCS Scheme and Rs.2524.65 crore and Rs.1117.58 crore respectively for the BSUP and IHSDP components of the JNNURM. The overall Revenue Section of the budgetary allocation in the Plan section for the year 2008-2009 amounted to Rs.850.00 crore, which has remained unchanged in Plan allocations for the present Financial Year.

2.12 Under the BSUP and IHSDP components of the JNNURM, housing activity, especially projects related to houses for economically weaker sections and low income groups, have

received attention from the Government in this Financial Year. In an effort to give a boost to the cause and with a vision to create a slum free India in the next five years, the Government has proposed to introduce Rajiv Awas Yojana in 2009 for the slum dwellers and the urban poor.

CHAPTER III
SCHEME-WISE ANALYSIS
URBAN EMPLOYMENT AND POVERTY ALLEVIATION AND
SANITATION SCHEMES

3.1 In a report entitled 'India Urban Poverty Report, 2009, prepared by the Ministry with the support of UNDP, the impact of economic development on the urban poor in the country was succinctly put as under:

The relationship between economic development and urban poverty is complex. Though large cities have lower levels of poverty, the backwash effect of new development may become even harsher on the urban poor. Cities do need blue collar workers and in the interest of an orderly and inclusive development, cities need to integrate the poor and informal sector workers into the main city system.

3.2 As per the Planning Commission's Annual Report (2008-2009), the percentage of population below poverty¹ line in urban areas in India has declined from 32.3 % in 1993-94 to 25.7% in 2004-05. The NSSO 61st Round shows that while urban poverty has registered a decline in percentage terms, it has increased in absolute terms by 4.4 million persons during this period. The only poverty alleviation scheme of Government of India dedicated to urban poor addressing the issues of 'inclusive urban development' in the country encompassing community mobilization and support system, employment (both self employment and wage employment), income generation, skill development and capacity building for the urban poor including Self- Help Groups as an integrated and holistic package that is implemented by the Ministry of Housing & Urban Poverty Alleviation is the Swarna Jayanti Shahari Rozgar Yojana (SJSRY).

I. SWARNA JAYANTI SHAHARI ROJGAR YOJANA (SJSRY)¹

3.3 As per Outcome Budget (2008-09), Swarna Jayanti Shahari Rozgar Yojana was launched on 01.12.1997 after subsuming the earlier three Urban Poverty Alleviation Schemes, namely

¹ The Standing Committee on Urban Development had presented reports exclusively on SJSRY (Ninth Report, Fourteenth Lok Sabha) and its Action Taken Report (Thirteenth Report, Fourteenth Lok Sabha)

Urban Basic Services for the Poor (UBSP), Nehru Rozgar Yojana (NRY) and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) for the benefit of urban poor. This scheme seeks to provide gainful employment to the urban unemployed or underemployed through encouraging the setting up of self-employment ventures or provision of wage employment by utilizing their labour for construction of socially and economically useful assets. This programme relies on creation of suitable community structures and delivery of inputs is through the medium of urban local bodies and such community structures. This programme targets the urban poor who are living below the poverty line, as defined from time to time.

3.4 The SJSRY consists of following five components:-

- (i) **Urban Self Employment Programme (USEP)**
- (ii) **Urban Women Self-help Programme (UWSP)**
- (iii) **Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)**
- (iv) **Urban Wage Employment Programme (UWEP)**
- (v) **Urban Community Development Network (UCDN)**

3.5 Concerned with the dismal performance of SJSRY in generating gainful employment for the urban poor, the Committee had urged the Ministry in their Ninth Report² (Fourteenth Lok Sabha) and subsequent reports to speed up the revision/modification of the Scheme's guidelines. The Ministry, accordingly, moved a proposal to that effect and undertook an evaluation of the scheme through an independent agency in preparation for the 11th Five Year Plan. Learning from the findings of the evaluation as well as feedback from other stakeholders, the Scheme of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was revamped and the revised guidelines were issued with effect from 2009-2010. The revamped SJSRY scheme started operating since 1st April, 2009. The Committee were informed about the following major changes in the scheme:

- a) For special category States (8 NER States and 3 other hilly States i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Jammu & Kashmir, Himachal Pradesh and Uttarakhand), the funding pattern for the Scheme between Centre and the States, has been revised from 75 :25 to 90:10.

² Presented on 2nd August, 2005

- b) For the beneficiary under the Urban Self Employment Programme (USEP) component of the Scheme, the education limit criteria of 'not educated beyond 9th standard' has been removed and now no minimum or maximum educational qualification level has been prescribed for the purpose of eligibility of assistance.
- c) For the self-employment (individual category), the project cost ceiling has been enhanced to Rs. 2.00 Lakh from the existing Rs.50000/- and the subsidy has also been enhanced to 25% of the project cost (subject to a maximum of Rs.50000/-), from the existing 15% of the project cost (subject to a maximum of Rs.7500/-).
- d) For the group enterprises set up by urban poor women, the subsidy has been made as 35% of the project cost or Rs. 300,000/- or Rs. 60,000/- per member of the Group, whichever is less. The minimum number required to form a women group has been reduced from 10 to 5. The revolving fund entitlement per member has also been enhanced from the existing Rs. 1000/- to Rs. 2000/-.
- e) Under the Urban Wage Employment Programme (UWEP) component, which is applicable to the towns having population less than 5 Lakh as per 1991 census, the 60:40 Material labour ratio for the works under UWEP, flexibility of 10% (either side) is now accorded to the States/UTs.
- f) The Skill Training of the Urban Poor component has been restructured and quality skill training will be provided to the urban poor linking it with certification, imparted preferably on Public-Private Partnership (PPP) mode, with the involvement of reputed institutions like IITs, NITs, Poly-techniques, ITIs, other reputed agencies etc. The average expenditure ceiling per trainee has been enhanced from the Rs. 2600/- to Rs. 10000/-.
- g) 3% of the total Scheme allocation will be retained at the Central level for special/innovative projects to be undertaken to implement a time-bound targeting to bring a specific number of BPL families above the poverty line through self-employment or skill development.

3.6 The Committee were informed that the total Plan outlay for SJSRY during the 11th Five Year Plan period is Rs.1750.00 crore which is 147% increase as compared to actual expenditure to this Scheme for the 10th Plan period i.e. Rs.706.39 crore (Plan outlay was Rs.541.00 crore). When asked to specify the reasons for this increase, the Ministry, in their written reply, *inter-alia* stated that the increase in the scheme is based on the consideration that the cost ceiling of the various components has been enhanced under the revamped SJSRY. The Ministry further stated that enhanced allocation under the SJSRY will be spent with a process of due consultation and review with States/UTs.

3.7 As per the Ministry, financial allocations to the States were being made on the basis of incidence of urban poverty as per Planning Commission norms. The physical targets were fixed by the States according to their allocations. Following is the statement provided to the Committee showing budget estimates, revised estimates and actual expenditure for the year, 2005-2006, 2006-2007, 2007-2008 and 2008-2009 and budget estimates for 2009-2010:

(Rs. in Crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure
2005-2006	160.00	160.00	160.00
2006-2007	250.00	250.00	250.00
2007-2008	344.00	344.00	341.00
2008-2009	515.00	515	545.00
2009-2010	515.00	--	--

3.8 The Ministry, when asked about the reasons for variations in budget estimates, revised estimates and actual expenditure during 2005-2006, 2006-2007, 2007-2008, 2008-2009 and BE 2009-2010, informed as under:

õDuring 2005-2006, the total allocation of Rs.160.00 crore was utilized. During 2006-07 the total allocation was Rs.250.00 crore and it was fully

utilized. During 2007-08 the total outlay was Rs.344.00 crore and out of this only Rs.341.00 crore could be utilized and an amount of Rs.3.00 crore from the funds earmarked for the Capacity Building/ Research & Studies component had to be surrendered due to lack of demand. During 2008-2009, the total outlay was Rs. 515.00 crore. However, an additional Rs.30.00 crore were re-appropriated to this scheme from savings of other schemes of this Ministry and thus total Rs.545.00 crore were utilised under SJSRY. During 2009-2010, the total outlay is Rs.515.00 crore. Depending on the progress of the scheme, additional allocation from the Planning Commission may be requested.ö

Physical/ Financial Progress

3.9 The Ministry, in their written material on Demands for Grants, informed that during the 9th Plan, no State-wise physical targets were prescribed under the Scheme as it was left to be fixed by the States/UTs as per needs. However, during the 10th Plan at the National level, under USEP, a target of 4,00,000 self-employment under USEP/DWCUA was fixed for the total Plan period (5 years). Similarly, 5,00,000 persons were to be given skill development training annually under USEP (Training) sub-component, during the entire 10th Plan period.

3.10 The Committee were further informed that during the 10th plan period, total Central funds amounting to Rs. 728.28 crore was released to the States/UTs, while the expenditure reported was Rs.700.32 crore (this includes expenditure from Central funds carried out from previous years). Regarding physical achievements, during the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 (cumulative), 5,43,919 micro-enterprises had been set up and 6,51,105 urban poor had been provided skill training against the cumulative corresponding five year target of 4,00,000 micro enterprises and 5,00,000 recipients of skill training.

Physical achievement under various components of SJSRY against the Annual Targets

Year	Urban Self Employment Programme				No. of man days of work generated under Urban Wage Employment Programme (in lakh)
	Beneficiaries Assisted for setting up of micro-enterprises		Persons provided skill training		
	Target	Achievement	Target	Achievement	Achievement *
2005-2006	80,000	98,791	1,00,000	1,42,073	43.48
2006-2007	1,20,000	1,36,178	1,50,000	1,67,364	81.55
2007-2008	1,20,000	1,81,050	1,50,000	2,48,264	21.78
2008-2009	1,20,000	1,84,736	1,50,000	3,03,418	57.00

* No targets are prescribed under Urban Wage Employment Programme (UWEP) component of SJSRY.

3.11 Informing the Committee about the new physical targets under each of the above components for the current financial year, the Ministry submitted as under:

Component	Target
Total number of urban poor to be assisted for setting up individual enterprises (USEP)	0.25 lakh
Total number of urban poor women to be assisted for Group enterprises (UWSP)	0.25 lakh
Total number of urban poor to be imparted skill training (STEP-UP)	2.00 lakh
Urban Wage Employment Programme (UWEP)	No target fixed
Urban Community Development Network (UCDN)	No target fixed

3.12 When asked as why the current year's physical targets for number of urban poor to be assisted for individual and Group enterprises in SJSRY have been fixed as a meagre 50,000 in comparison to last year's 1,20,000, the Ministry, in post evidence replies, stated as under:-

“The physical target for the year 2009-2010 have been fixed in commensurate with the central funds allocated by the Planning Commission for SJSRY for 2009-2010. The annual allocation for 2009-10 remained same as Rs. 515.00 crore which was the same amount in 2008-2009. However, as under the revamped Swarna Jayanti Shahari Rozgar

Yojana per capita subsidies have been enhanced substantially, (from Rs. 7,500/- to Rs.50,000/-) the targets have to be reduced as the fund allocation remained same.ö

3.13 When asked as to how many States have fully utilized the amount released to them during 2008-09, the Ministry replied as under:

öAs per the provisions of General Financial Rules (GFR) 2005, the States/UTs get time upto 12 months from the end of the financial year for utilization of funds released to them. As bulk of the amounts were released in the 3rd and 4th quarters of 2008-09, the utilizations certificates are not yet due. The progress of utilization reported till date is given below:-

Unspent balances with State Governments under SJSRY (As on 30.09.2009)

(Rs. in Lakh)

S. No.	Names of States/UTs	Central Funds released (including pending Balance) upto 2007-2008	UCs received till now	Balance fund available with States/UTs	Balance fund available with States/UTs for which UCs are due	Central Funds released during 2008-2009 (UCs not become due)	Central Funds released during 2009-2010 ((UCs not become due)	Total Central Funds available with States/UTs
1	2	3	4	5(3-4)	6	7	8	9(5+7+8)
1	Andhra Pradesh	15820.34	16872.35	-1052.01	0.00	4327.22	1695.27	4970.48
2	Arunachal Pradesh	720.43	530.43	190.00	190.00	0.00	0.00	190.00
3	Assam	4998.61	4998.61	0.00	0.00	2947.90	0.00	2947.90
4	Bihar	5210.64	3985.10	1225.54	1225.54	1980.98	0.00	3206.52
5	Chhattisgarh	2982.11	2352.42	629.69	629.69	637.36	0.00	1267.05
6	Goa	222.90	164.06	58.84	58.84	0.00	0.00	58.84
7	Gujarat	8194.61	8327.58	-132.97	0.00	1548.80	750.72	2166.55
8	Haryana	4155.85	4465.23	-309.38	0.00	1334.27	0.00	1024.89
9	Himachal Pradesh	694.86	694.86	0.00	0.00	12.43	0.00	12.43
10	Jammu & Kashmir	1948.23	992.99	955.24	955.24	0.00	0.00	955.24
11	Jharkhand	1556.38	0.00	1556.38	1556.38	0.00	0.00	1556.38
12	Karnataka	12887.30	13629.14	-741.84	0.00	4896.14	1762.36	5916.66
13	Kerala	5322.54	4955.96	366.58	366.58	1017.91	0.00	1384.49
14	Madhya Pradesh	16397.27	18273.18	-1875.91	0.00	5043.48	0.00	3167.57
15	Maharashtra	22769.54	29824.77	-7055.23	0.00	9608.72	4037.98	6591.47

16	Manipur	1066.64	886.33	180.31	180.31	445.71	0.00	626.02
17	Meghalaya	787.21	532.40	254.81	254.81	190.74	0.00	445.55
18	Mizoram	2830.39	2830.39	0.00	0.00	350.20	0.00	350.20
19	Nagaland	1119.25	1277.75	-158.50	0.00	286.53	0.00	128.03
20	Orissa	4644.72	4601.01	43.71	43.71	1776.95	0.00	1820.66
21	Punjab	1655.21	1497.81	157.40	157.40	120.52	0.00	277.92
22	Rajasthan	6980.24	5706.69	1273.55	1273.55	1574.91	0.00	2848.46
23	Sikkim	501.22	492.72	8.50	8.50	63.67	0.00	72.17
24	Tamil Nadu	14609.62	14609.63	-0.01	0.00	4284.44	0.00	4284.43
25	Tripura	1884.59	1655.28	229.31	229.31	248.84	0.00	478.15
26	Uttarakhand	1107.47	1185.23	-77.76	0.00	566.72	0.00	488.96
27	Uttar Pradesh	28749.37	32295.87	-3546.50	0.00	8846.94	3231.22	8531.66
28	West Bengal	8477.22	9113.29	-636.07	0.00	1948.07	0.00	1312.00
29	A & N Islands	361.49	306.36	55.13	55.13	0.00	0.00	55.13
30	Chandigarh	783.20	263.22	519.98	519.98	0.00	0.00	519.98
31	D & N Haveli	369.11	382.21	-13.10	0.00	0.00	0.00	-13.10
32	Daman & Diu	243.28	19.94	223.34	223.34	0.00	0.00	223.34
33	Delhi	430.14	206.49	223.65	223.65	0.00	0.00	223.65
34	Puducherry	1136.48	1037.60	98.88	98.88	7.80	0.00	106.68
	TOTAL	181618.46	188966.90	-7348.44	8250.84	54067.25	11477.55	58196.36

3.14 Above statement showed that certain States did not give Utilization Certificates (UCs) even for the funds released during 2007-08. Jharkhand did not furnish any UC, even though Rs.1556.38 Lakh had been released. Bihar and Rajasthan had a balance of more than Rs.1200 Lakh for submitted UCs. In this connection, the Ministry, in their post evidence replies in November, 2009, stated as under:-

ōAs per the updated Reports / UCs received from States / UTs, UCs for an amount of Rs.67.26 crore for the funds released upto 2007-08 are pending with States / UTs. In case of Bihar, UCs for an amount of only Rs. 1.11 crore is due, whereas in case of Rajasthan pending UCs is for amount of Rs. 12.74 crore. In case of Jharkhand, it is intimated that State Govt. has sent details of expenditure (Urban Local Bodies-wise) to this Ministry. However, as this was not in the prescribed format of Utilisation Certificate and also physical progress in prescribed Quarterly Progress Report format has not been provided by the State Govt., this was not accepted by this Ministry. State Government has been repeatedly requested to submit Report and UCs in desired format.

3.15 In a written note, the Ministry informed them that the SJSRY was being monitored through National/State/District level Committees, periodical review meetings and quarterly progress reports. Besides, field visits to the States by the officers to review of the progress of the schemes are undertaken on regular basis. Further, SJSRY had been evaluated through an independent study in preparation for the 11th Five Year Plan.

3.16 During the course of oral evidence when the Committee showed concern over the lack of easy and simpler credit facilities to the beneficiaries under SJSRY, the Secretary, Ministry of Housing and Urban Poverty Alleviation replied as under:-

“I have no answer to that because we ourselves are conscious that the biggest problem is one of credit. For this, the Government has set up District-level Committees, and State level Banking Committees. They set targets for each District, that is, what they have to cover. But eventually, it depends upon how well the district-level or the urban local bodies can convince the bank that this would be monitored well and that their loans would come back.”

II. INTEGRATED LOW COST SANITATION SCHEME (ILCS)

3.17 The Centrally Sponsored scheme Integrated Low Cost Sanitation Scheme (ILCS) has been under implementation through Ministry of Urban Development since 1989-90 till 2003-2004. This scheme has been transferred to Ministry of Housing and Urban Poverty Alleviation with effect from 2004-2005 as regards budgetary provision but its implementation has been effected by this Ministry with effect from 2003-2004 itself. It basically aims at conversion of existing individual dry latrines into low cost water seal pour flush latrines with superstructures and appropriate variations to suit local conditions and construct new latrines where EWS household have no latrines. The basic objective is to liberate the manual scavengers from the obnoxious practice of carrying head loads of night soil. The scheme is being implemented on a All Town coverage basis.

3.18 The Standing Committee on Urban Development had examined various aspects of the ILCS in their 25th Report³ (Fourteenth Lok Sabha) and in view of its dismal performance, had asked the Ministry to revise the guidelines of the Scheme at the earliest. The Ministry, in their preliminary material on Demand for Grants (2009-2010) informed the Committee that the Scheme had been revised in January, 2008. The salient features of the revised Scheme were furnished as follows:

- (i) Targets will be fixed initially in the ratio of 75% for conversion of dry latrines with reference to Rs.6 lakh dry latrines reported by the States so far and 25% for provision of pour flush latrines to beneficiaries having no latrines.
- (ii) The scheme will be funded in the following manner:-
 - a) Central Subsidy - 75%,
 - b) State Subsidy- - 15% and
 - c) Beneficiary share - 10%.
- (iii) The upper ceiling cost of Rs 10,000/- is provided for the complete unit of a two pit pour flush individual latrine with superstructure (excluding States falling in

³ Presented on 22nd November, 2007

difficult/ hilly areas). For the States falling in the category of difficult and hilly areas, 25% extra cost is provided for each two pit pour flush latrine. The Centre and State subsidy will include the superstructure. The Scheme is limited to EWS households only and does not entail a loan component. It will be implemented by Ministry of Housing & Urban Poverty Alleviation directly. HUDCO will not be involved directly in the implementation of the Scheme. However, it will be utilized for providing technical support such as appraisal of the project proposals submitted by the State Governments/ UTs.

- (iv) The States should select NGOs having adequate experience in this field that will be funded to a maximum extent of 15% over and above the total project cost to be borne by the Centre and States based on the ratio of 5:1 at different stages of implementation. NGOs will be involved at various levels of construction for motivating the community and for technical help.
- (v) 1% of total central allocation may be retained by the Ministry every year, to be utilized for MIS, Monitoring System, Capacity Building and IEC components.

Financial allocation

3.19 The details of Budget Allocation and Expenditure incurred during 11th Five Year Plan under ILCS are as under:

(Rs. In Crore)

Year	B.E	Actual Expenditure
2007-08	40.00	70.97
2008-09	150.00	38.53
2009-10	60.00	--

3.20 According to the written background note furnished by the Ministry, the Plan BE 2008-09 under ILCS was Rs.150 crore but the Actual Expenditure was only Rs. 38.53 crore. When asked about the reasons for such wide variations in the estimates and expenditure, the Ministry in their written reply submitted as under:-

öThe ILCS Scheme was revised in the month of January, 2008. Under the previous guidelines of the scheme, this Ministry has released Rs. 70.97 crore during 2007-08 to HUDCO for transferring the same to the States of Uttar Pradesh, Bihar, Assam and Jammu and Kashmir. These unutilized funds lying at the disposal of State Governments had to be adjusted against the releases during 2008-09 under the revised guidelines. Hence, out of budget provision of Rs.150.00 crore for the year 2008-09, funds were released after adjusting of the unspent balance available with the States and taking into account an expected reduction in the number of dry latrines (as the States of Assam and Nagaland have reported that there are no dry latrines) an amount of Rs.40.00 crore was requested in the Revised Estimates of 2008-09. Less amount was proposed in the R.E 2008-09 due to non utilization of funds released during 2007-08 which were adjusted in the releases during 2008-09 and proposals were pending from the States in the DPR as the scheme was revised only in the month of January, 2008.ö

3.21 According to the information made available to the Committee, the project cost for converting 6 lakh dry latrines is Rs.715.48 crore out of which the central subsidy for the implementation of the revised scheme comes to Rs. 545.16 crore. There is a budget provision of Rs 60.00 crore for the current financial year under the Scheme. The revised ILCS Scheme envisages conversion of all existing dry latrines within a period of three years (2007-2010) and as a result eradication of the system of manual scavenging from the country. When asked as to whether the provision of Rs.60 crore would be sufficient for this year keeping in view that the total project cost for converting 6 lakh dry latrines is Rs. 715.48 crore, within the targeted 3 years, the Ministry replied as under:

öGiven the pace of utilization in 2007-08 and 2008-09, it was felt that the State capacity to obtained project approach did not justify a larger allocation. It is also seen that on house to house survey, the States have turned in a much smaller number of dry latrines (estimated dry latrines 3,35,000 as than their original estimate of 6 lakh).ö

3.22 In the post evidence replies the Ministry provided the statement showing present status of Dry Latrines as reported by the States as under:-

Sl.No.	Name of the State	Number of Unit	
		Conversion	Construction
1.	Bihar	3545	8586
2.	Uttar Pradesh	238253	0
3.	Jammu & Kashmir	5624	273
4.	West Bengal	0	6798
5.	Kerala	0	1615
6.	Manipur	0	7117
7.	Nagaland	499	4981
8.	Uttarakhand	1613	0
9.	Madhya Pradesh	0	2514
10.	Maharashtara	0	4452
	Total	249534	36336

3.22 It was stated that under the revised guidelines the Ministry sanctioned 2,49,534 units for conversion of Dry latrines and 36,336 units for construction of new latrines.

3.23 In this connection, the Ministry informed as under:

As per the progress report received from the State of Uttar Pradesh 17,583 units are completed and another 12,003 units are in progress. As per the progress report received from State of Bihar 342 units are completed and 341 units are in progress. Progress report from States of Jammu & Kashmir, West Bengal, Kerala, Manipur, Nagaland, Uttarakhand, Madhya Pradesh and Maharashtra are still awaited.

3.24 With regard to target date for conversion of dry latrines, the Ministry informed that they reviewed the position regarding existence of dry latrines and fixed the target for their conversion into low cost water seal pour flush latrines upto 2010.

3.25 In this regard, the Secretary, Ministry of Housing and Urban Poverty Alleviation further explained *inter-alia* as under:

“ This Scheme was revised in 2008. Up to now, it was a Scheme under which loans had to be taken. Now, the loan element has been done away with. The ceiling per water sealed toilet with superstructure has been raised to Rs.10,000 in which the beneficiary is asked to put a share of not more than ten percent. The Centre provides 75 percent of the cost as subsidy and the State is to provide the remaining. With Rs.10,000 we hope that we will be able to make an all-out effort and we have set ourselves the target for eradication of dry latrines by the year 2010. Of the States, four States now remain which have not yet declared themselves to be dry latrine free. These are Bihar, Jammu and Kashmir, Uttarakhand and Uttar Pradesh. When we started this new Scheme or revised this Scheme, our estimate was that there were about six lakh latrines. But now that, Sir, under the Scheme they have started a house to house survey in all urban areas, it seems that their figure will nowhere go above three lakh, because we have already covered 2.4 lakh or so.”

3.26 The Secretary, Ministry of Housing and Urban Poverty Alleviation on the issue of existence of dry latrines and abolition of manual scavenging, during the oral evidence deliberated as under:

“We expect proposals now only from Bihar and Jammu and Kashmir which have done about 50 per cent of their service. U.P. has done all the service and is now in the process of taking monies for it and so has Uttarakhand. Only one state remains, which is J&K, which has not adopted the law of Prevention, Abolition and Regulation of Manual Scavenging. We are after them to be able to do this.”

CHAPTER IV
URBAN HOUSING

4.1 The Ministry of Housing and Urban Poverty Alleviation is the apex authority of Government of India at the national level for formulation of housing policy and programme, review of the implementation of the Plan scheme, collection and dissemination of data on housing, building materials/techniques and for adopting general measures for reduction of building costs. It also has a nodal responsibility for national housing policy. As per the recommendations of the Working Group on Housing for the 11th Plan, the total shortage of dwelling units at the end of 10th Plan period was 24.71 million. Out of 24.71 million, 10.6 million shortage was perceived in the urban areas. The total shortage during the 11th Plan period (2007-2012), including the backlog, was likely to be 26.53 million.

Budgetary Allocation

4.2 As per the detailed Demands for Grants (2009-10) of the Ministry of Housing and Urban Poverty Alleviation, an amount of Rs.207.97 crore has been provided for 2009-10 in regard to Housing (Major Head 2216). The amount under this head was Rs.120.71 crore during 2008-09. The Ministry when asked about the reasons for a 72.29% increase in the allocation during this fiscal year in a written note, replied as under:-

There are 21 Minor Heads/ Sub Heads under Major Head 2216. The provision of Rs.207.97 Crore has been made during 2009-10 as against Rs. 120.71 Crore in 2008-09 keeping the requirement under the Minor Heads/Sub Heads for implementation of the schemes. The difference in allocation which has resulted in increase from Rs. 120.71 Crore in 2008-09 to Rs. 207.97 Crore in 2009-10 are as under:-

(Rs. in crore)

Scheme	Year (2008-09)	Year (2009-10)
ISHUP	95.00	180.59
USHA	10.00	15.00
Estt.(NBO)	1.75	3.01
CGEWHO	0.10	0.50

Commonwealth Local Govt. Fund	0.05	0.06
UNDP Project	5.00	0.01
Interest Subsidy for Construction of Two Million Houses	0.01	0.00

It is evident that the bulk of the increase was under the head ISHUP for which there is almost 90% increase under this head.

4.3 The Ministry has further stated that apart from the above stated funds, Additional Central Assistance for housing and provision of basic amenities to urban poor has been enhanced in the year 2009-10. The enhanced ACA allocation (in the budget of Ministries of Finance and Home Affairs) is as under:-

Rs. in crore

Schemes	Ministry of Finance	MHA	Total
BSUP	2168.94	355.71	2524.65
IHSDP	1108.86	8.72	1117.58
Rajiv Awas Yojana	150.00	--	150.00
Grand Total	3427.80	364.43	3792.23

(A) National Housing and Habitat Policy, 2007

4.4 Out of the estimated shortage of 24.7 million housing units at the end of the 10th Five Year Plan, estimated 99% pertains to households falling in the Economically Weaker Sections (EWS) and Low Income Group (LIG) segments. In order to mitigate the housing shortage along with deficiencies in basic services and in consonance with the changing policy environment, the Ministry has announced the National Housing and Habitat Policy, 2007. This Policy focuses on *affordable housing for all* with special emphasis on economically weaker sections of the society and seeks partnership of public sector with private sector and cooperative sector.

4.5 During the oral evidence, the Secretary, Ministry of Housing and Urban Poverty Alleviation submitted the following before the Committee:

öIn the National Urban Housing and Habitat policy, 2007, we have taken stock of the position of poverty in urban areas and of the position of shortages of housing, which is the reason why the two combined are leading to the growth of slums, so that there is, at a very conservative census estimate, at least 25 percent of the people in the urban areas of a population, of now around 300 million, who are living in slums. Eighty million is the figure of 2001 of urban poverty of people below the poverty line and the matter of concern to the policy was, that it was a figure which was growing at a rate faster than the rate of growth of rural poverty. The policy, therefore, focuses on providing affordable houses to all with the strategy which would involve multiple stakeholders and various partnerships in which the Government would use subsidies and financial enablement and Government would employ strategies that would get institutional support, it would get institutional lending, it would get State governments to make reservations of land and provide land available also for the human habitat to do regional planning so that there would be better employment opportunities as well as infrastructure and availability of resources for the better development of towns.ö

4.6 The Ministry, when asked as to how many States have so far prepared their Urban Housing and Habitat Policies in consonance with the NUHHP, 2007 replied as under:

öNUHHP, 2007 provides a road map to the State Governments to comprehensively address the issue of housing. Subsequently letters were written to State Governments at the level of Chief Minister, Ministers dealing with Housing/UD, Chief Secretaries, Administrators in UTs, and Secretaries dealing with Housing / UD/LSG matters in the States/ UTs with the advice to prepare State Urban & Housing Policy and specific acts in consonance with NUHHP, 2007. Some of the States which have been preparing their Urban Housing Policy in consonance with NUHHP, 2007 include Maharashtra, Madhya Pradesh, Punjab and Kerala.ö

4.7 When enquired again on the matter, the Ministry merely stated *inter-alia* as under:

öí Another communication accentuating the need and seeking progress in the matter is being sent.ö

4.8 Acquisition of land and clearing of encroachments on Government land are some of the impediments universally faced by Central/State Governments in implementing their Housing policies. When asked to suggest the ways by which they plan to overcome these problems, the Ministry replied as under:

“Land and Colonisation are State subjects. In order to free the Government land and also enable a better life for slum dwellers, the Government has recently announced Rajiv Awas Yojana for the slum dwellers and the urban poor. The Scheme, the parameters of which are being worked out is intended to make the country slum free. In pursuance of the Scheme the Government is working on strategies for taking decision at appropriate level to free the land of slums while at the same time rehabilitating the slum dwellers. Under the Rajiv Awas Yojana support would be extended under JNNURM to States that are willing to assign property rights. In order to understand the magnitude of the problem and to effectively address the issue of encroachment on Central Govt. land the Government has taken up the matter with State Governments and concerned Central Ministries to provide data of slums on Central Government land.”

(B) JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION

4.9 The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched on 3rd December, 2005 with an objective to provide focused attention to integrated development of urban infrastructure and services in select cities with emphasis on urban poor, slum improvement etc.

4.10 The Ministry, in their Annual Report, have stated that housing activity in the urban areas is mainly taken up under the JNNURM scheme with its two Sub Missions *viz.* Sub-Mission on Basic Services to the Urban Poor (BSUP) which is being implemented by the Ministry of Housing and Poverty Alleviation and Sub-Mission on Urban Infrastructure and Governance, under the Ministry of Urban Development. Another scheme called the Integrated Housing and Slum Development Programme, meant for non-Mission cities, aims towards the integrated development of housing and basic services to slum dwellers. Central assistance under BSUP and IHSDP is provided to States/UTs for implementation of the projects approved by the Central

Sanctioning & Monitoring Committee (for BSUP) and Central Sanctioning Committee (for IHSDP). Central share in the form of Additional Central Assistance is released from Ministry of Finance (to States) and Ministry of Home Affairs (to Union Territories). BSUP Sub-Mission is being implemented in 65 identified cities of national importance for the duration of 7 years beginning with the year 2005-06. The scheme called Integrated Housing and Slum Development Programme (IHSDP), is applicable to all cities and towns as per 2001 census except those covered under the mission cities under JNNURM.

4.11 During the year 2008-09, two additional schemes were sanctioned: Affordable Housing in Partnership: As part of the Economic Stimulus measures of the Government, an amount of Rs.5000 crore was provided for this Scheme, as an additional component of JNNURM. The scheme aims at building 10 lakh houses for EWS/LIG & MIG (300 sq. ft. to 1200 sq. ft. of super built-up area) by promoting various types of partnerships - of the Government sector with the private sector, the cooperative sector, the financial services sector, the State parastatals, urban local bodies, etc. The scheme will be primarily applicable to the BSUP cities for land and construction, encouraging credit from public sector banks for construction and offers central assistance for 25% of the cost of the infrastructure connectivities; and the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) which has been discussed separately in the report.

COMPONENTS OF JNNURM

(i) BASIC SERVICES TO THE URBAN POOR (BSUP)

4.12 According to the Ministry, the salient features of BSUP are as follows:

É Central Assistance in the form of Additional Central Assistance as full grant.

É 50% percent of the project cost in respect of cities having a population of one million or more to be borne by the Central Government.

É 90% of the project cost to be borne by the Central Government for projects from cities/towns in North Eastern States and Jammu & Kashmir.

É 80% of the project cost to be borne by the Central Government for projects from the remaining cities/towns.

ÉA minimum of 12% beneficiary contribution for houses; for SC/ST/BC/OBC/PH and other weaker sections, 10% beneficiary contribution.

ÉAccess to Central assistance predicated upon the State/Urban Local Bodies/ Parastatals agreeing to implementation of reforms.

ÉReforms to ensure improvement in urban governance.

ÉCities to prepare City Development Plans and Detailed Project Reports so as to seek Additional Central Assistance.

ÉCentral Sanctioning & Monitoring Committee to consider approval of projects and project financing pattern.

Funding Pattern of BSUP

4.13 The Central share is released as Additional Central Assistance⁴ (in the form of grant).

The financing of the projects is as under:

Category of cities	Grant Central Share	State/ULB/ Parastatal share, including Beneficiary contribution
Cities with 4 million plus population as per 2001 census	50%	50%
Cities with million plus but less than 4 million population as per 2001 census	50%	50%
Cities/towns in North Eastern States and Jammu & Kashmir	90%	10%
Other Cities	80%	20%

4.14 The Committee were informed that during 2009-2010, an amount of Rs.2524.65 crore has been granted as ACA under this scheme in the budget of Ministry of Finance (in respect of States) and Ministry of Home Affairs (in respect of Union territories).

4.15 The admissible components under the BSUP, as stated by the Ministry in their Annual Report 2008-2009, are as follows:

- (i) Integrated development of slums, i.e. housing and development of infrastructure projects in the slums in the identified cities.

⁴ ACA is reflected in the Budget of the Ministry of Finance (for States) and the Ministry of Home Affairs (for UTs).

- (ii) Projects involving development/improvement/maintenance of basic services to the urban poor.
- (iii) Slum improvement and rehabilitation projects.
- (iv) Projects on water supply/sewerage/drainage, community toilets/baths, etc.
- (v) Houses at affordable costs for slum dwellers/urban poor/EWS/LIG categories.
- (vi) Construction and improvements of drains/storm water drains.
- (vii) Environmental improvement of slums and solid waste management.
- (viii) Street lighting.
- (ix) Civic amenities, like, community halls, child care centers, etc.
- (x) Operation and maintenance of assets created under this component.
- (xi) Convergence of health, education and social security schemes for the urban poor.

(ii) INTEGRATED HOUSING & SLUM DEVELOPMENT (IHSDP)

4.16 For cities/towns not covered under BSUP, Integrated Housing & Slum Development (IHSDP) has also been launched on 3.12.2005 while the ongoing Valmiki Ambedkar Awas Yojana (VAMBAY) and the discontinued National Slum Development Scheme (NSDP) were subsumed in this scheme. The key objectives of IHSDP is to strive for holistic slum development, with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified urban areas. The salient features of IHSDP are:

É Central Assistance in the form of ACA as full grant.

É 80% percent of the project cost borne by the Central Government, in general.

É 90% of the project cost borne by the Central Government for projects from cities/towns in special category States, including North- Eastern region.

É A minimum of 12% beneficiary contribution for houses; for SC/ST/BC/OBC/PH and other weaker sections, 10% beneficiary contribution.

ÉAccess of Central assistance predicated upon the State/Urban Local Bodies/ Parastatals agreeing to implementation of reforms.

ÉReforms to ensure improvement in urban governance.

ÉCities/towns to prepare Detailed Project Reports in order to seek Central Assistance.

Funding Pattern of IHSDP

4.17 The Ministry informed that the sharing of funds would be in the ratio of 80:20 between Central Government and State Government/ULB/Parastatals. For special category States, the funding pattern between Centre and States will be in the ratio of 90:10. The Central share will be released as Additional Central Assistance (grant). As in the case of BSUP, signing of a tripartite MoA is a necessary condition to access Central Assistance.

Financial/ Physical Progress under JNNURM

4.18 Summary of Financial & Physical Progress (Mission Period ó 2005-2012) as provided by the Ministry is as follows:

7 Year Allocation	Commitment & Release (Rs. in Crore)		
	BSUP	IHSDP	Total
Allocation	13674.22	4467.12	18141.34*
ACA Commitment	12756.64	5603.94	18360.58
% Commitment	93.29%	125.45%	101.21%
ACA Released	3749.64	2581.06	6330.70
% Release (Release against Commitment)	29.39%	46.06%	34.48%
No of Projects approved	461	828	1289
Total Project cost approved	25251.03	8401.26	33652.29
No of States/UTs covered	31	30	
No of Cities/Towns covered	63	752	815
No of Dwelling Units (DUs) Approved	9,87,803	4,53,191	14,40,994
No of DUs in Progress	274286	75211	349497
No of DUs completed	79325	25331	104656

*Planning Commission has revised allocation by providing the additional allocation of Rs. 5043 Crore with the details as under:

	BSUP	IHSDP	Total
Original Allocation	13674.22	4467.12	18141.34
Increase in allocation	2682	2361	5043
Total	16356.22	6828.12	23184.34

4.19 Annual allocation (Rs. in crore) of ACA for the year 2008-09 and 2009-10 is as follows:-

	2008-2009	2009-2010
BSUP	1880.35	2524.65
IHSDP	1113.84*	1117.58
Total	2994.19	3642.23

* includes Rs.500.00 crore as economic stimulus.

The Ministry has further informed that the Budget allocation is made to Department of Expenditure, Ministry of Finance (for states) and Ministry of Home Affairs (for UTs). During the year 2008-2009 additional Rs.500 Crore were allocated by Planning Commission as Economic Stimulus Package Ministry of Finance and Ministry of home Affairs had released the ACA to the States/ UTs. Further out of Rs.1880.35 Crore under BSUP, the allocation in the Budget of Department of Expenditure was Rs. 1656.54 Crore. From this, Rs. 183.86 Crore was re-appropriated to IHSDP. The Ministry has also informed that no physical targets were set under the Mission as the funds allocated were for provision of housing and related basic infrastructures facilities for urban poor.

4.20 The Ministry when asked to furnish the state-wise details of houses constructed under the JNNURM, submitted as under:

Status of Houses Completed / Under progress under JNNURM (BSUP & IHSDP)

Target houses to be completed during mission period: 15 lakh

Total houses sanctioned till date: 14.6 lakh

Total houses under progress/completed till date: 5.14 lakh

Sl. No.	State	Dwelling Units Sanctioned			Dwelling Units in Progress			Dwelling Units Completed		
		BSUP	IHSDP	Total	BSUP	IHSDP	Total	BSUP	IHSDP	Total
1	Andhra Pradesh	134694	47896	182590	70047	16585	86632	20575	12672	33247
2	Assam	2260	7377	9637	1104	325	1429	0	188	188
3	Aranuchal Pradesh	852	176	1028	100	0	100	0	0	0
4	Andaman & Nicobar	0	40	40	0	0	0	0	0	0
5	Bihar	22372	9764	32136	560	2347	2907	0	166	166
6	Chandigarh (UT)	25728	0	25728	10656	0	10656	0	0	0
7	Chattisgarh	28864	17922	46786	5336	4478	9814	0	0	0
8	Daman & Diu	0	16	16	0	0	0	0	0	0
9	Dadar Nagar Haveli	0	0	0	0	0	0	0	0	0
10	Delhi (NCT)	65504	0	65504	2912	0	2912	7900	0	7900
11	Goa	155	0	155	0	0	0	0	0	0
12	Gujarat	95084	27168	122252	48520	2467	50987	24314	0	24314
13	Haryana	3248	16426	19674	2016	1897	3913	1232	3340	4572
14	Himachal Pradesh	636	1616	2252	0	0	0	0	0	0
15	Jharkhand	12226	7868	20094	0	0	0	0	0	0
16	Jammu and Kashmir	6677	6670	13347	0	0	0	0	0	0
17	Kerala	23577	18691	42268	4222	2185	6407	1586	4202	5788
18	Karnataka	28118	17237	45355	6997	7607	14604	117	0	117
19	Lakshdeep	0	0	0	0	0	0	0	0	0
20	Maharashtra	168518	89955	258473	76612	15825	92437	9792	1994	11786

21	Madhya Pradesh	41446	18870	60316	4592	1130	5722	1652	24	1676
22	Manipur	1250	1906	3156	0	0	0	0	0	0
23	Meghalaya	768	912	1680	76	228	304	0	0	0
24	Mizoram	1096	1950	3046	408	500	908	0	0	0
25	Nagaland	3504	2761	6265	1872	360	2232	0	0	0
26	Orissa	2508	12593	15101	239	3305	3544	0	0	0
27	Punducherry	2964	432	3396	48	0	48	0	0	0
28	Punjab	5152	4658	9810	4112	0	4112	0	0	0
29	Rajasthan	17337	28043	45380	912	1760	2672	31	2197	2228
30	Sikkim	254	0	254	0	0	0	0	0	0
31	TamilNadu	91318	36706	128024	22524	9016	31540	5846	3758	9604
32	Tripura	256	1550	1806	256	16	272	0	0	0
33	Uttar Pradesh	67992	31969	99961	16629	6096	22725	4535	2430	6965
34	Uttranchal	773	231	1004	0	0	0	0	0	0
35	West Bengal	140052	52686	192738	17155	9747	26902	15106	6771	21877
TOTAL		995183	464089	1459272	297905	85874	383779	92686	37742	130428

4.21 The duration of the JNNURM is 7 years from 2005-2012. However, even after 4 years of commencement of the Mission, the number of dwelling units completed under both BSUP and IHSDP schemes was far less than the number of dwelling units approved. The Ministry, when asked to explain the reasons for the slow progress, replied as under:

õThough Mission started in December 2005, the sanction of projects picked up pace only towards end of year 2006 and beginning of year 2007. This was mainly due to low capacity in the States in preparing City Development Plans (CDPs) and Detailed Project Reports (DPRs) ô necessary conditions to access the funds. Further, housing projects have a long gestation period and average project duration for implementation generally runs up to 2 to 3 years.

So the results are not quite visible during the initial years of the project. The Ministry had envisaged 5 lakh houses completed/in progress by September 2009. As reported by States/UTs, more than 5 lakh houses will be either complete or in progress by end of September 2009. Availability of land free of encumbrances for housing the poor is a major factor in delay in starting housing projects. In some cases, litigations have cropped up. During the year 2007-08 and later, rise in cost of raw materials like cement and steel also imposed a constraint on the progress of the projects. In addition, the housing projects under BSUP and IHSDP involve identifying urban poor beneficiaries requiring willingness to contribute 10-12 per cent of the project cost. In some States, capacity for preparation and execution of projects has been small. All these factors contributed towards slow progress of the scheme in initial 3 years.

4.22 The Ministry, when asked about the measures taken by them to ensure the completion of houses by 2012 as targeted under the JNNURM, replied as under:

Out of total houses sanctioned, construction of 1,30,428 houses⁵ has been completed. Construction of 3,83,779 houses is in progress⁶. As may be observed from the data regarding the number of houses completed and construction under progress, considerable improvement in the overall pace of implementation has been achieved. Various measures have been undertaken by the Ministry to press for implementation such as regular review of implementation, close monitoring, frequent inspections, assistance given for setting up of Programme Management Unit (PMU) and Project Implementation Unit (PIU), capacity building activities, handholding workshops, etc. A greater impact of such efforts is yet to emerge on account of the peculiar nature of the slum development projects. It is expected that the impact of various measures undertaken by the Ministry and complemented by the States/ULBs/implementing agencies would help achieve the target

⁵ These figures were given in October, 2009. In their press advertisement of 3rd December, 2009 on completion of four years of JNNURM the figures given by the Ministry of Housing and Urban poverty Alleviation for houses constructed was 1,70,712.

⁶ For houses in progress, the figure was given as 4,25,621.

provided the States/UTs are able to address the issues of land and in situ slum upgradation by according property rights to slum-dwellers.ö

4.23 It is seen that the performance of some States is poor. Moreover, as it appears from the Outcome Budget, the performance of States in terms of furnishing of Utilization Certificates (UC) is extremely dismal right from the commencement of JNNURM. During 2008-09, not a single State sent UC for either BSUP or IHSDP. When asked as to what are the reasons for this huge deficiency on the part of the States and the Ministry's efforts towards checking this, the Ministry stated as under:

öIn the year 2008-09, the Ministry has received utilization certificates for an amount of Rs.813.60 crore under BSUP and IHSDP. State-wise details of UCs received in the financial year 2008-09 are given below. The figures indicated in the Outcome Budget shows funds released year-wise and utilization certificate received against the same. The utilization certificates received in the year 2008-09 pertain to previous years of release. For the funds released in 2008-09, utilization certificates have not become due. The Ministry has held a series of review meetings with representatives of States and Urban Local Bodies. The Ministry has also advised the States/UTs to ensure that Central share released to the State/UT is in turn transferred immediately to the Urban Local Bodies/implementing agencies. Further, the Ministry is constantly monitoring the progress of implementation through regular reports from States. An on-line MIS has also been launched. There are certain inherent and unavoidable problems with slum development projects such as finding land free of encumbrances, sorting out land issues, time-consuming consultation with beneficiaries, planning for integration with city infrastructure, availability of beneficiary contribution and court cases. On account of a large number of hand-holding workshops and review meetings held with the stake-holders there has been considerable improvement in the utilization of Central share. The Ministry is monitoring utilization of Central share released Project-wise and wherever utilization of money and the physical progress achieved are satisfactory, subsequent instalment of Central share has been released.

Summary of UCs for JNNURM (BSUP & IHSDP)

Received from States during the Financial Year 2008-09

(Rupees in crore)

Sl. No.	Name of the States	BSUP	IHSDP	TOTAL UCs Received in 2008-09 (BSUP + IHSDP)
		Total Fund for which UCs received	Total Fund for which UCs received	
1	Andhra Pradesh	211.57	33.80	245.37
2	Gujarat	147.82	0.00	147.82
3	Haryana	7.79	0.00	7.79
4	Kerala	0.00	18.80	18.80
5	Madhya Pradesh	11.34	0.00	11.34
6	Maharashtra	172.55	6.36	178.91
7	Rajasthan	0.00	2.81	2.81
8	Tamil Nadu	15.26	9.85	25.11
9	Tripura	3.49	0.00	3.49
10	Uttar Pradesh	32.47	12.44	44.91
11	West Bengal	61.41	65.84	127.25
	Total	663.7	149.9	813.60

It is expected that a vigorous action on the part of the States and cities to supplement the efforts taken by the Ministry would help tide over the situation, thereby not adversely affecting the progress of implementation. The difference in performance levels between the States is on account of their ability to formulate, start and complete the projects. The States, which are lagging behind are given necessary assistance, such as assistance for setting up institutional framework, capacity building activities, formulation of projects, etc. These have started showing results and a majority of States have picked up momentum.ö

4.24 It is worth mentioning here that on the eve of completion of four years of JNNURM on 3rd December, 2009, both the Ministries of Urban Development and Housing and Urban Poverty Alleviation published a press advertisement in a national newspaper, informing the public *inter-alia* as under:

- (i) 48 Mission cities have earmarked budgets for Basic Services to Urban Poor.
- (ii) 43 Mission cities have earmarked land for housing the urban poor.

4.25 Besides capacity building and providing financial support to the States, Ministry has stated that effective monitoring of projects and reforms is being undertaken. Elaborating on this the Ministry in post evidence replies stated as follows:

“For proper implementation of projects including quality assurance, a framework for a Third Party Inspection and Monitoring has been established and agencies for Third Party Inspection and Monitoring empanelled by the Mission Directorate. Guidelines have been developed to facilitate State Governments to appoint TPIM Agencies from this Panel for monitoring the progress and quality of projects under JNNURM. At the national level, for effective monitoring of projects and reforms under JNNURM, a National Steering Group has been established with Minister for Urban Development as Chairperson and Minister for Housing & Urban Poverty Alleviation as Co-Chairperson. At the State level, State Level Steering Committees have been established with Chief Minister/Minister for Housing/ Urban Development as Chairpersons.”

4.26 So far as the monitoring and control over the performance of each scheme is concerned the Ministry in their communication have informed as under:

“States also hold their own reviews. The scheme provides support for comprehensive monitoring mechanism as envisaged under JNNURM at all levels. Monitoring is done at Urban Local Body (ULB) and State level. Apart from ULB/implementing agency/state level nodal agency (SLNA), support is being provided for Project Implementation Unit (PIU) at local levels and Programme Management Units (PMU) at State level. Regular State level and regional reviews are held by Ministry of Housing & Urban Poverty Alleviation from time to time. In addition to this, the Ministry has empanelled 16 Agencies to play the role of Third Party Inspection and Monitoring Agency (TPIMA) for monitoring

the progress and quality of projects under JNNURM. Detailed guidelines have also been prepared to help States in appointing TPIMA agencies.ö

4.27 During the course of evidence, the Committee also referred to the complaints regarding the quality and durability of housing in some States. The Secretary, Ministry of Housing and Urban Poverty Alleviation, responded as under:

óí we take note of the fact that inspections and visits by us are very important. We would like to assure you that to the extent we can, we do our best to go across. In fact, we have BMPTC and HUDCO as our appraisal agencies. Before a project comes to us for release of the subsequent instalment, we do our best to be able to get a field inspection done to find out even in a dipstick way what exactly is happening. Where we find that the quality of work is not good, we have held up the release of instalments and we have asked them to come back to us with reports of what they have done to rectify the situation.ö

4.28 The Ministry in their statement have stated that till date no review/evaluation of BSUP and IHSDP schemes have been made by Planning Commission.

C. Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP)

4.29 The Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP), which encourages poor sections to avail of home loans from the primary lending institutions (PLIs) i.e. Bank/ Housing Finance companies was recently formulated by the Ministry for operation during the 11th Plan period. The scheme provides home loan, with Central Government Subsidy, to EWS/ LIG persons for acquisition of house as also for construction of house. Loan repayment period would be permissible generally ranging from 15-20 years. The subsidy will be 5% p.a. on interest charged on the admissible loan up to Rs. 1 lakh for construction or acquisition of a new house. The size of the housing being 25 sq. meters in the case of EWS & 40 sq. meters in the case of LIG. The economic parameters of EWS and LIG are presently defined as households having an average monthly income up to Rs. 3,300/- and households

having an average monthly income between Rs. 3,301 and 7,300/- respectively. Other salient features of the scheme are;

- (a) The mortgage of dwelling unit be accepted as primary security. However, there would be no collateral security/third party guarantee for loans upto and inclusive of Rs.1 lakh excluding group guarantee;
- (b) The scheme would close in 2012. However the loans extended in the last year will also have a repayment period of 20 years.
- (c) Preferences would be given to the SCs/STs/Minorities/Disabled persons/women beneficiaries in accordance with their proportion in the total population of city/urban agglomerate during the 2001 census.

4.30 The Total outlay of Rs.1100.00 crore proposed in the Eleventh Five Year Plan for this scheme is expected to cover 3.11 lakh houses during the Plan period. Following statement showing budget estimates, revised estimates and actual expenditure for the year 2007-2008, and 2008-2009 and budget estimates for 2009-2010 was furnished to the Committee by the Ministry:

	Rs. in Crore		
	2007-08	2008-09	2009-10
Budget Estimates	30.00	95.00	180.59
Revised Estimates	30.00	30.00	--
Actual Expenditure	Nil	--	--

4.31 When asked about the physical targets as identified under the scheme, the Ministry in their written reply stated as under:

ōThe total number of borrowers to be supported under the Scheme in its pilot stage is proposed to be 3.10 lakh over the remaining period of 11th Plan with tentative annual targets as follows:

Year	Targeted number of borrowers (number in lakh)	Proposed Allocation (Rs. in crore)	
2008-09	0.36	Net present value (NPV)	125.37
2009-10	0.83		285.42
2010-11	0.93		320.01
2011-12	0.98		336.20
Total	3.10	Total NPV	1067.00
		IEC & A&OE*	33.00
		Total	1100.00

ISSHUP being demand driven scheme, actual achievement will depend on the number of proposals received as also the allocation made available. As the Scheme has been approved in the fag end of Financial Year 2008-09, no financial/physical progress could be made during the year. Further, it is estimated that with the current financial year (2009-10) allocation of Rs.180.59 crore approximately 51000 beneficiaries will benefit from the scheme.ö

4.32 This scheme applies to the 11th plan period with an outlay of Rs.1100.00 crore. The actual expenditure during 2007-2008 and 2008-2009 was nil and the budgetary allocation for 2009-10 is just Rs.180.59 crore. When asked as to whether the Ministry will be able to utilize the balance funds in remaining two years time and whether the scheme has actually taken off, Ministry replied as under:

öThe Ministry has held regional consultation with the representative of State Governments and Public Sector Banks on 4th May and 22nd May, 2009 and State Level consultations with State Governments of Andhra Pradesh, Madhya Pradesh, Chhattisgarh, Orissa, Kerala, Maharashtra and Karnataka. The Scheme has been well received by the State Governments and Public Sector Banks / Housing Finance Institutions and it is expected that the remaining corpus of Rs. 919.41 crore will be utilized in the remaining two years of the 11th Plan. It is estimated that current yearø allocation of Rs. 180.59 crore will benefit approximately 51000 borrowers.

The scheme has taken off with the approval by Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 26.12.2008. The guidelines of the Scheme were

issued in February, 2009. National Housing Bank, one of the two central nodal agencies under the Scheme has already signed Memorandum of Agreements (MOAs) with the six Public Sector Banks i.e. (a) Oriental Bank of Commerce, (b) UCO Bank, (c) Punjab & Sind Bank, (d) Indian Bank, (e) Syndicate Bank and (f) Corporation Bank.ö

4.33 The cost of the dwelling units/houses vary from state to state and from city to city. The Ministry, when asked whether the limit of interest subsidy be made more realistic by covering a greater portion of cost of the dwelling units and not just Rs. 1 lakh, keeping in view the fact that the minimum cost of an EWS/LIG dwelling unit, particularly in Metros like Delhi, is several times higher than Rs. 1 lakh, replied as under:

öThe loan limit under the Scheme for EWS and LIG is Rs.1.00 lakh and Rs.1.60 lakh respectively. However, the subsidy under the Scheme is available for loan amount upto Rs.1.00 lakh only. The income ceilings of EWS and LIG are presently defined as household having an average monthly income upto Rs. 3300 and household having an average monthly income between Rs.3301 and Rs.7300 respectively. The repayment capacity of EWS and LIG category is generally taken as 25% - 30% and 30% respectively. The loan amount has been fixed so that interest does not go beyond the repayment capacity of these income categories. However, it has been proposed to revise it to Rs.2.00 lakh under the new proposed scheme, Rajiv Awas Yojana.ö

4.34 When the Committee asked the Ministry to explain the interest rates at which loans would be provided to the beneficiaries, they replied as under:

öNo fixed rate of interest has been prescribed for the scheme by the Government. Beneficiary borrowers may choose fixed or floating rates being offered by the Primary Lending Agencies i.e. Banks and Housing Finance Companies (the consequences clearly explained to the borrowers by PLIs). The agreed rate of interest would be fixed by the lending banks keeping in view the RBI guidelines for lending by banks for loans upto Rs.2 lakh. An additional 1% p.a. maximum will be permitted to be charged by banks/HFCs, if fixed rate loans are extended which will be subject to reset after a minimum period of 5 years.ö

4.35 The Ministry, when asked whether the proposed subsidy will be given to banks or beneficiary, replied as under:

“The Net Present Value (NPV) of the subsidy will be given by the Government to the lenders through Central nodal agencies i.e. National Housing Bank (NHB) or Housing & Urban Development Corporation Ltd. (HUDCO) (*as the case may be*) on upfront and quarterly basis to the banks on the basis of the number of loans sanctioned. It will be passed on by the lender to the borrower by deducting the subsidy amount from the principal loan amount of the borrower and charging interest on the net amount of loan at the bank rate of interest e.g. if the loan sanctioned is Rs.1 lakh for 15 years the NPV of the 5% interest subsidy would amount to Rs.28985/-. This amount would be released during the stages of construction of the house to the beneficiary by the bank and the nodal agency. The amount released would be Rs.1 lakh. However, repayment would be only Rs.71,015/- regular bank rate of interest would be charged currently 8.5% to 8% for housing loans of this size.”

4.36 Further, the Ministry informed the Committee as under:

“Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP) is proposed to be merged with the Rajiv Awas Yojana and its targets substantially enhanced to match the targets under Rajiv Awas Yojana. Allocation will be readjusted depending on response to the scheme.”

4.37 Replying to a related query the Ministry further stated as under:

“The final details of Rajiv Awas Yojana are being worked out and adequate care would be taken that the schemes are complementary and not to the detriment of each other. However, it is clarified that there will be no minimum limit to the loan, and the subsidy loan pattern under RAY is proposed to be decided keeping in mind the EMI repayment capacity of the beneficiary.”

4.38 Informing the Committee about the current status of ISSHUP, the Ministry informed as under:

Andhra Pradesh State Housing Corporation Limited (APSHCL), a State Level Nodal Agency under ISHUP has already identified 124,476 beneficiaries for implementation of ISSHUP in convergence with a State Government Housing Scheme i.e. INDIRAMMA. Loan applications are reported to have been committed for the purpose by 15 banks, involving NPVs of interest subsidy aggregating to Rs. 106.54 crore. Karnataka is also in the process of developing a similar strategy of dovetailing ISHUP with State Government schemes benefitting the targeted group. Further, in order to disseminate the details of Scheme and clarify doubts, this Ministry has held two consultations with Housing Secretaries of States/UTs and representatives of PSBs on 4th and 22nd May 2009. This has further been followed up by visits to different states and meetings with the State Secretaries, Municipal Commissioners, Senior level bank officers etc. and during last three months Gujarat, Maharashtra, Kerala, Karnataka, Andhra Pradesh, Madhya Pradesh, Uttar Pradesh, Rajasthan, Orissa and Chhattisgarh have been covered. The response of the States has been encouraging and the scheme has been received well by the State Governments. The Ministry is therefore, hopeful of meeting the targets.

D. Rajiv Awas Yojana (RAY)

4.39 The Honorable President in her address to the Parliament proposed to introduce a Rajiv Awas Yojana for the slum dwellers and the urban poor on the lines of the Indira Awas Yojana for the rural poor. The schemes for affordable housing through partnership and the scheme for interest subsidy for urban housing is proposed to be dovetailed into the Rajiv Awas Yojana which would extend support under JNNURM to States that are willing to assign property rights to people living in slum areas. While introducing the scheme, she stated that the aim of Rajiv Awas Yojana is to create a slum free India in five years.

4.40 The Ministry when asked as to what will be the modus operandi of implementation of Rajiv Awas Yojana (RAY) replied as under:

Modalities of implementation of the proposed Rajiv Awas Yojana are being worked out in consultation with Planning Commission, States/UTs, etc. Slum being a state subject,

the actual implementation of the proposed scheme will be by Urban Local Bodies (ULBs) and States. The scheme will be applicable to all States/UTs in the country. As wide ranging consultations with stakeholders are being held it is anticipated that the scheme would be finalized towards the end of this financial year.ö

4.41 Elaborating on the issue the Secretary, Ministry of Housing and Urban Poverty Alleviation, during the oral evidence, stated as under:

öí the strategy is that we will take a whole city approach and then within a city we will ask them to map the entire existing slums, not just the notified slums, but all slums shanties as well as township, notified or non-notified and identify the number of households, the ownership of the land as well as the reservation status of that land. From the States to States the figures would differ. The basic approach is that it will be a state led action. What we have said is that we will cover under RAY and give approvals and Central financing only to States that are willing to pass property rights on to slum dwellers. If they pass the legislation and if this is acceptable to us, they will prepare the plan of action, they will choose their cities and within the cities they will map all the slums and tell us what pace they want to move to cover that with basic amenities and with housing.ö

4.42 Since the scheme envisages at creating a slum free India in 5 years, the Ministry were asked whether they had framed any year wise physical targets under the scheme. The Ministry replied as under:

öThe Ministry has not framed any year-wise physical targets. The Rajiv Awas Yojana is proposed to cover about 132 cities with population of 3 lakh and above. States are proposed to be given freedom to choose other small cities also.ö

4.43 The Ministry when asked whether this scheme applies to BSUP-cities and if yes then how is it different from the BSUP and IHSDP components of JNNURM, which among other things, also comprises slum development replied as under:

öRajiv Awas Yojana is expected to be an umbrella scheme applicable to States willing to accord property right to the slum-dwellers. States will be required to prepare Slum free State/City Plans. Unlike JNNURM (BSUP & IHSDP) wherein a slum is the basis of a project or is the unit, in the case of Rajiv Awas Yojana a city may be the unit and a Slum-free City Plan is expected to be basis of a project. As announced by Her Excellency, the President of India, funds will be provided under JNNURM (including BSUP and IHSDP) to Rajiv Awas Yojana. The modalities of the scheme are being worked out and while it is too early to state how it would be different from BSUP or IHSDP, it would certainly differ in the emphasis may be expected to be placed on assignment of property rights, in a whole city whole slum approach towards slum free and slum upgradation.ö

4.44 Since under Rajiv Awas Yojana, it has been proposed to revise the subsidy component under the ISSHUP to Rs.2 Lakh, the Ministry, when asked as to whether with the implementation of Rajiv Awas Yojana progress, the performance of ISSHUP will receive a set back, stated as follows:

öThe final details of Rajiv Awas Yojana are being worked out and adequate care would be taken that the schemes are complementary and not to the detriment of each other. However, it is clarified that there will be no minimum limit to the loan, and the subsidy loan pattern under RAY is proposed to be decided keeping in mind the EMI repayment capacity of the beneficiary.ö

4.45 During the examination of the subject 'Urban Housing' by the Committee on Urban Development (2008-2009), the Ministry had informed about a 'High Level Task Force on Affordable Housing for All' set up by the Government and its recommendations. When asked about the progress of implementation of the same by the Committee (2009-2010), the Ministry informed that several recommendations of the said Task Force were included in the proposed Rajiv Awas Yojana, which include, *inter-alia* as follows:

- (i) Additional land for affordable housing, revision in the floor area ratio/floor space index and *in-situ* development to be implemented in an integrated manner.

- (ii) Emphasis on community participation and efforts to build their capacity in managing the different aspects of *in-situ* development.
- (iii) More funds to be used for affordable housing and direct provisioning of housing for urban poor households.

MONITORING OF SCHEMES AND PROJECTS

4.46 During the oral evidence of the representatives of the Ministry, the Committee expressed serious concern over the lack of proper monitoring system of various schemes supported by the Government with the result that the benefits of these schemes did not reach the targeted beneficiaries in most of the cases. The Committee felt that a strong monitoring system was required for the various schemes undertaken by the Ministry.

4.47 When asked by the Committee to specify the mechanism to evaluate and monitor the various ongoing schemes and projects under which the money has been allocated/sanctioned and released to the implementing agencies *viz.* the State Governments and Local Urban Bodies so as to ensure that the amount released is spent as per the guidelines issued by the Ministry and for the specific purpose for which it has been allocated, the Ministry, in their post evidence replies, stated as under:

öThe scheme of SJSRY administered by this Ministry is monitored through National/State/District level Committees, periodical review meetings and quarterly progress reports. Besides, field visits to the States by the officers to review of the progress of the schemes are undertaken on regular basis. The scheme of JNNURM provides support for comprehensive monitoring mechanism as envisaged under JNNURM at all levels. Monitoring is done at Urban Local Body (ULB) and State level. Apart from ULB /implementing agency/state level nodal agency (SLNA), support is being provided for Project Implementation Unit (PIU) at local level and Programme Management Units (PMU) at State level. Regular State level and regional reviews are held by this Ministry from time to time. In addition to this, the Ministry has empanelled 16 Agencies to play the role of Third Party Inspection and Monitoring Agency (TPIMA) for monitoring the progress and quality of projects under JNNURM. Detailed guidelines have also been prepared to help States in appointing TPIMA agencies. States also hold their own reviews.ö

4.48 Elaborating further, the Secretary, Ministry of Housing and Urban Poverty Alleviation stated during the oral evidence as under:

“We have a three tiered monitoring system, which we are trying to put in place. The first one, of course, is the usual one of collection of data to find out what is the pace and progress. The second instrumentality is a third party monitoring in which we have empanelled agencies; we have issued guidelines and we are now getting after the States saying that they have to engage these agencies to do this quality monitoring of the kind of construction of the buildings and of the kind of infrastructure that is being put in. We are now refusing to release further instalments until they put the third party monitoring in.

Secondly, we have social audits and manual for social audit is now in the process of validation in two towns. We are also trying to get together NGOs which will work with the municipalities to do a people-to-people audit of these houses that are coming up. We are hoping that along with our inspections we would be able to, with this, at least impress upon the States that if they do not attend to the quality of the houses now, then when people move into these houses, the dissatisfaction is going to be higher than the level of satisfaction of getting a proper house. In this concern, we also keep emphasizing to them the need to be able to provide now for systems for maintenance of these houses by way of forming the residents in these new allocations into group societies and keeping aside a part of the budget as an urban poor fund with which to be able to supplement their thrift fund for housing repair.”

4.49 While explaining the appointment of third party monitoring agencies, by the States, the Secretary added as follows:

“The third party monitoring system is one which we have drawn up as a panel, and we have sent it to them as a panel, which they may use. But we have said that they can appoint whoever they like provided they follow the due procedure of tendering in obtaining a third party along with the guidelines that we have given them. It specifies the minimum number of inspection, and stages of inspection. We feel that if Centre chooses the party and imposes it on the States, then it would mean that if States does not cooperate, then those people will not be able to do their work, since, the State’s money is

also going in, we feel that it will be fair if they appoint the third party. But at the same time, we are appointing our own, and we are not depending only on their third party.ö

4.50 The Committee, in their recommendation No.2.10 of the report on Demands for Grants of the Ministry for the year 2008-2009, had asked the Ministry to explore the possibility of introducing social audit of schemes. Accordingly, the press release of the Ministry available on the website stated that in order to circulate and validate the draft Manual on Social Audit for States/UTs to guide them to undertake social audit of projects and to ensure that the benefits of projects under JNNURM reach the intended poor beneficiaries and that the projects are implemented in a participatory manner involving the poor, independent social audit had been introduced for BSUP project in Andhra Pradesh and IHSDP project in Madhya Pradesh, as pilot projects under guidance of Centre for Good Governance. The Ministry, in their press release, further stated that in the meantime, following steps were being taken to ensure social auditing:

- (i) States have been exhorted to start preparations for social audit.
- (ii) All detailed project reports and minutes of BSUP & IHSDP have been put on the website to establish transparency and sharing of information.
- (iii) In association with NTAG, the concept for a city voluntary technical corps (CVTC) of professionals and a City Technical Advisory Group has been prepared and approved and sent to Ministry with the proposal to accept the CVTCs for both parts of JNNURM. Conducting social audit and obtaining community involvement is the main tasks of the CVTCs. The role and funding for social audit using the CTAG & CVTC will be finalized.

4.51 Another important means to ensure effective monitoring of the projects as envisaged by the Ministry is through community mobilization. The Committee were informed as under:

öMinistry have stated that efforts are on to associate Community Development Networks such as Neighbourhood Groups, Neighbourhood Committees and Community Development Societies which are promoted to organize the poor and give them a collective voice to influence Government programme. The Ministry have recently revised the guidelines for Swarna Jayanti Shahari Rozgar Yojana with special emphasis on community mobilization. As a part of its people centric approach to implement programmes like BSUP under the JJNURM, the Ministry have envisaged establishment

of Community Development Network (CDN) and to send CDN proposals to tap JNNURM funds under which funding is provided upto Rs.10 lakh for supporting needy community-linked projects under the CDN component. CDN is rooted at the City/Urban Local Bodies.ö

4.52 When asked to furnish State-wise details of the cities where setting up of CDNs, if any, have been initiated and efforts made by the Ministry to advertise/propagate the concept at both the Central and the State levels, the Ministry replied as under:

öProposals from the States are yet to be received for the Community Development Network projects. In some States, like Kerala and Andhra Pradesh, community organization and networking has been significant. Efforts are on to receive proposals through assistance from officers dealing with both SJSRY and JNNURM in the States. The Ministry has addressed the States in this matter and circulated a Toolkit to States.ö

PART-II

Observations and Recommendations

Budgetary Allocation for the Ministry and reduction of targets

1. The Committee observe that the concentration of population in cities mostly due to economic considerations, has become a fact of life in India. However, this has led to a near explosion in the number of urban poor in the four metropolises as well as other big cities. The situation in small and medium towns is hardly better. Thus, the task of housing the poor and alleviation of poverty is a huge challenge. In this backdrop, the Committee note that the Plan allocation of Rs.850.00 crore as BE 2009-10 has remained unchanged from the figures of BE 2008-09 of the Ministry of Housing and Urban Poverty Alleviation. They feel that the allocation is very insufficient keeping in view the rapidly growing urban poverty as well as the introduction of certain new schemes like 'Affordable Housing in Partnership' and 'Interest Subsidy Scheme for Housing the Urban Poor', which have been added to the portfolio of the Ministry. In fact, the Ministry has already admitted in the case of revamped SJSRY that as the fund allocations remain the same and the aforesaid scheme calls for greater per capita subsidies, they are constrained to reduce the physical targets during the current financial year in the number of urban poor to be assisted for individual /group enterprises from 1,20,000 in 2008-09 to mere 50,000. The Committee find it very unfortunate.

Although the Committee note that Additional Central Assistance to the tune of Rs.3642.23 crore has been given this year for Basic Services for Urban Poor (BSUP) and IHSDP – the two Sub-Missions of JNNURM being run by the Ministry of Housing and Urban Poverty Alleviation, yet they fear that other schemes funded with the Budgetary allocation of the Ministry of Housing and Urban Poverty Alleviation this year are likely to be affected due to lack of appropriate funding. The Committee are aware of the tight fiscal situation of the Government this year still they feel that the allocation of funds should be proportionate to the progress of the ongoing schemes. In so far as the newly launched schemes are concerned, the Committee are not very hopeful of their successful run in the

absence of proper funding. The Committee, therefore, strongly recommend that the Ministry needs to pursue with the Planning Commission and Ministry of Finance for better funding in the coming financial year. The Committee further recommend that no financial cuts should be imposed on the Ministry at the RE stage. While recommending for higher outlay, the Committee would like the Ministry to strive for better implementation of their schemes too which would justify their demand for an increased allocation for various programmes being implemented by the Government.

Swarna Jayanti Shahari Rozgar Yojana (SJSRY)– Operation of the modified scheme

2. SJSRY, the lone poverty alleviation scheme for urban dwellers, has been under implementation since 1997. However, the scheme has so far failed to make a difference in the lives of urban poor due to several deficiencies, on which the Committee have been commenting in their reports since 2005. Now they note that substantial modifications in the guidelines of the scheme have been affected and the modified scheme has been operating since 1st April, 2009. Among the major improvements brought about in the guidelines of the scheme are revision of funding share between the Centre and the States in the ratio of 90:10, removal of educational criteria limit for a beneficiary under its USEP component, revision of individual category self-employment project ceiling as Rs.2,00,000 and enhancement of subsidy to 25% of the project cost up to Rs.50,000, etc. The Committee find that the modifications are comparatively closer to the ground reality now and hope that the scheme would be received better by the beneficiaries. However, the Committee gather an impression from their past interaction with SJSRY beneficiaries that perhaps the scheme has not been publicised in a vigorous manner in many States, in the way rural job scheme like NREGS (National Rural Employment Guarantee Scheme), is being projected. Besides, the Public Sector banks, through which subsidies are disbursed under the SJSRY, also need to show more enthusiasm towards the scheme and also extend cooperation towards the potential beneficiaries. The Committee hope that the implementing agencies of SJSRY would be sensitized by the Ministry on these aspects. They are convinced that once these issues are taken care of, the SJSRY would not only receive a better response from the urban poor but would also be able to make a substantial difference in their lives.

Unspent balances and funds release under SJSRY

3. The Committee note that upto 30.09.2009, under the Swarna Jayanti Shahari Rozgar Yojana (SJSRY), an amount of Rs.58,196.36 lakh is still available with States/UTs. They have been informed that the Centre have so far not received Utilisation Certificates (UCs) for an amount of Rs.8250.84 lakh, which was released upto 2007-2008. The Committee fail to understand why such a huge amount has remained to be shown as utilized. The Committee are particularly perturbed by the inability of States like, Jharkhand, Chattisgarh, Rajasthan and Jammu and Kashmir, to submit utilization certificates for a huge amount of funds which they have received for implementing SJSRY. They are of the view that such a huge amount of unspent balance is a serious matter affecting the overall performance of the scheme since non-submission of UCs result in delay of further release of funds. The Committee, therefore, desire the Government to take measures to motivate States to do the needful well in time otherwise it may lead to reduction in the budgetary plan allocation in their favour. The Committee also take note of the fact that Central funds have not been released to many States/Union Territories till 30 September, 2009. The bulk of the funds, therefore, is likely to be released to them in the third and fourth quarters of this financial year, thus making it difficult for the States to release their share of funds. The Committee, therefore, feel that appropriate steps needs to be taken to address this issue urgently so as to achieve the financial as well as physical targets fixed under the scheme.

Conversion of Dry latrines under Integrated Low Cost Sanitation Scheme

4. The Committee note from the information provided by the Ministry that based on the feedback received from the States, there were about 6 lakh dry latrines required to be converted into water sealed toilets under the ILCS. However, the house to house survey conducted by the Ministry has shown that the estimated number of dry latrines yet to be constructed is about 337250 units. Under the revised guidelines of ILCS, the Ministry has sanctioned 2,49,534 units for conversion of dry latrines and 36336 units for construction of new latrines. The Ministry has tried to convince the Committee that they have set a target

for eradication of dry latrines in the year 2010 and that it would be achieved. Nonetheless, the Committee are quite apprehensive because the pace at which the scheme is progressing leaves much to be desired. The Committee also lament the attitude of the States like Bihar, J&K, Uttarakhand and Uttar Pradesh, which are yet to be declared as dry latrines free States. Moreover, the Committee find it reprehensible that manual scavenging which is a matter of national shame, still exists despite the law prohibiting it. It is unfortunate that the State of Jammu and Kashmir has not even adopted the law for Prevention, Abolition and Regulation of Manual Scavenging. The Committee desire that the Ministry should take up the matter with these States vigorously and remove the impediments, whatsoever, in achieving the target by 2010. The Committee further desire the Government to consider the feasibility of forgoing the beneficiary share of 10% also as the onus to eradicate manual scavenging is on the Government and a little more spending of 10% of the total cost will go down well with these poor people.

With regard to revision in the guidelines of the ILCS, the Committee note that the scheme would now be directly implemented by the Ministry instead of HUDCO, which perhaps, was not keen on implementing it. The Committee further note that the monetary ceiling costs of a unit of twin-pit pour-flush individual latrine has been raised to Rs.10,000 and that NGOs are proposed to be involved for motivating the community and for technical help. The Committee expect an early action on the revised guidelines as the Ministry has taken over the task from HUDCO. They desire earnest efforts to be taken so that the conversion of 3.35 lakh dry units could be completed by the targeted year 2010.

The Committee further observe that the biggest problem in urban sanitation is open defecation by the urban poor. They note that the revised ILCS Scheme does not address open defecation. In this regard, the Committee note that the subject of urban sanitation and open-defecation free cities is a part of the business allocated to Ministry of Urban Development under the National Urban Sanitation Policy. The Committee desire that the Ministry of Housing and Urban Poverty Alleviation may convey the concern of the Committee to the Ministry of Urban Development and urge them to find out a practical solution to this problem early.

Housing Shortage

5. The Committee note that as per the estimates the total urban housing shortage in the country has been projected to go up to 26.53 million during the 11th Five Year Plan (2007-2012), out of which a major portion pertains to economically weaker sections and the low income group category. Together, these two groups account for 99% of the total housing deficit. Though the Ministry prepared the National Urban Housing and Habitat Policy (NUHHP) in the year 2007 with special focus on the needs of urban poor, which provides a road map to the State Governments to comprehensively address the issue of housing by preparing their own policy in accordance with the NUHHP, 2007, but unfortunately it has not materialized so far. Only a few States are preparing their urban housing policy in consonance with NUHHP, 2007. The Committee are appalled at the gross insufficiency of houses for the urban poor which is a result of the fact that urban planners have always marginalized the housing needs of urban poor, despite being well aware of their requirements of dwelling units. In this regard, the Committee have already made several recommendations in their 40th Report on 'Urban Housing' and they still await the response of the Ministry on the same. Meanwhile the Committee acknowledge the fact that as against Rs.120.71 crore which was allocated under BE 2008-2009, an amount of Rs.207.97 crore has been allocated in BE 2009-2010 under the head 'Housing'. Though the actual requirement may be much more, the Committee feel that still it is a step in the right direction and recommend that the Government should strive to address the urban housing shortage on a priority basis.

BSUP and IHSDP

6. The Committee note that under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), the Ministry of Housing and Urban Poverty Alleviation has been entrusted with the nodal responsibility for an integrated slum development in the 65 Mission cities under the BSUP and for providing shelter and basic amenities in other non-Mission cities under the IHSDP. They further note that these programmes focus on improving the living conditions of the urban poor, especially those residing in slums. The Committee are aware

that there is a tremendous demand for approval of slum development projects from small and medium towns and the present allocation of fund is insufficient. The Committee further note that in pursuance of the Government's 100 Days Agenda, the Ministry has now further identified 28 cities with population of 5 lakh and more to be covered under JNNURM, of which the BSUP is a Sub-Mission. The Committee feel that the inclusion of 28 more cities under the Mission would automatically require more Additional Central Assistance. The Committee note that the Government have allocated Rs.2524.65 crore as ACA for BSUP and Rs.1117.58 crore as ACA for IHSDP to provide a boost to these schemes. However, they feel that the said allocation may need to be augmented further to match the intended targets.

The Committee note that the duration of the JNNURM is 7 years beginning from 2005-06 till 2011-12 and that even after 4 years of its commencement, out of 1459272 sanctioned dwelling units only 130428 units have been completed and construction of 383779 units is in progress under both the BSUP and IHSDP components. It is a matter of deep concern as the Mission has already reached its mid term. The Committee are pained to note that some of the States/Union Territories viz. Daman and Diu, Himachal Pradesh, Jharkhand, Manipur, Sikkim and Uttarakhand portray a dismal picture showing nil performance in these schemes. The reasons attributed to this slow progress, according to the Ministry, are cropping up of litigation and delay in starting the housing projects due to non-availability of encumbrance-free lands for housing the poor. The Committee feel that problem of encumbrance-free lands and litigations are common in the acquisition of lands for housing and the onus is on the State Governments as well as on the courts to ensure a speedier solution. The Committee feel that specific policies for acquisition and development of lands for housing activity should be formulated. Besides, certain other bottlenecks as highlighted by the Ministry, for instance, difficulties in deciding list of beneficiaries, non-release of State share in time, inability of beneficiaries to contribute 10-12% of the cost of housing and increase in costs due to cost escalation etc. need to be addressed early so as to avoid delays in the completion of targets. The Committee expect that the Ministry has already taken up the matter with the States with a view to addressing these shortcomings.

The Committee further observe from the statement furnished by the Ministry that the performance of States in terms of timely submission of Utilization Certification (UC) is also extremely dismal right from the commencement of JNNURM. The Committee deplore this fact and expect the Ministry to issue directions to the States to furnish the UCs within the given time frame so that the progress of projects is not hampered for want of funds in time. The Committee desire that with the help of PEARL (Peer Experience and Reflective Learning) programme, it should be ensured that allocated funds are utilized by the slow moving States too so that the impact of the BSUP and the IHSDP is holistically visible in all the States and the projects are completed within the stipulated time.

Interest Subsidy Scheme on Housing the Urban Poor (ISSHUP)

7. The Committee note that in order to make housing for the urban poor affordable, the recently launched ISSHUP seeks to provide interest subsidy of 5% per annum to the urban poor for loans of Rs.1 lakh, taken during the 11th Plan, with the loan repayment period of 15-20 years. The Committee have been informed that the subsidy is fixed keeping in mind the repayment capacity of the EWS and LIG categories with estimated income range of Rs. 3300 and Rs. 3301 to Rs. 7300 per month, respectively. Further, if the loan sanctioned is Rs.1 lakh for 15 years, the Net Present Value (NPV) of the 5% interest subsidy would amount to Rs.28985/-. The amount released would be Rs.1 lakh. However, repayment would be only Rs.71,015/- and regular bank rate of interest would be charged, which currently is 8% to 8.5% for housing loans of this size. As per the Ministry, a subsidy of Rs.1100 crore is envisaged under the Scheme which would result in creation of additional housing stock of 3.10 lakh for EWS/LIG segments till 2012. In this regard, the Committee note that the Scheme was introduced in the year 2008-2009, but it failed to take off during that year. Besides, the Ministry has already informed the Committee about the proposal to merge ISSHUP with another recently announced scheme entitled 'Rajiv Awas Yojana'. Although the Ministry has submitted before the Committee that the response of the States to ISSHUP has been encouraging but the claim of the Ministry is yet to be substantiated by figures. The Committee would like to be informed about the physical progress of the Scheme.

The budgetary allocation for the financial year 2009-2010 for the Scheme is a meagre Rs.180.59 crore which is expected to cover only 51000 beneficiaries during the period. The Committee while agreeing that ISSHUP is a good initiative, feel that it is not likely to achieve much success on ground particularly in the mega cities like Delhi, Mumbai and Bangalore because of two main factors i.e. the cost of even one-room house/dwelling unit being much higher than their repaying capacity and secondly, the subsidy would be provided only for Rs.1 lakh and for the remaining cost, the borrower would have to borrow from other sources at a much higher rate of interest, which would again be beyond his capacity to afford a house. The Committee feel that this scheme overlooks the interests of a huge portion of urban poor, who do not own any land yet are in need on a roof of their heads. The Committee, therefore, recommend that the maximum limit of the amount comprising the subsidy component should be revised keeping in view the present situation and make it more realistic so that more beneficiaries are covered under the Scheme.

RAJIV AWAS YOJANA

8. The Committee note the importance of the theme of the proposed 'Rajiv Awas Yojana' (RAY) for the slum dwellers and urban poor, which aims to make India slum-free in next five years. The Ministry is stated to be still working on the modalities of the scheme. Further, funds for RAY would come from JNNURM allocation. The Committee further note that RAY is proposed to cover about 132 cities with a population of 3 lakh and above, initially. The Committee also learn note that Rajiv Awas Yojana proposes to focus on according property rights to slum dwellers/urban poor wherein States would be required to prepare slum-free State/City plans by adopting a 'whole city/whole slum' approach. It would also emphasise on re-development of slums and in-situ development and would explore partnerships among the urban poor, municipalities, State and Central Governments and private developers, to enable the construction of affordable houses by the slum-dwellers/urban poor through access to subsidized credit. The Committee feel that Government should extend support to States that are willing to assign property rights to people living in slum areas.

In this connection, the Committee in their previous reports, have observed that in many cases allottees sell their houses and again go to reside in slum areas, thereby defeating the very purpose. The Committee are of the strong view that if the house is allotted in the name of the woman, there are less chances of those being re-sold in the market. They, therefore, reiterate that State Governments should be impressed upon to register houses preferably in the names of the ladies or in the joint names of husband and wife.

The Committee further desire that a model legal framework for consideration by States/UTs for according property rights to slum-dwellers/urban poor should be chalked out and circulated to States/UTs to enable them to establish their own legal-regulatory frameworks suiting local conditions. It should cover the provision of security of tenure to the urban poor and also making land available for affordable housing, basic amenities and informal sector activities of the poor through the process of urban planning. The Committee further desire that it should include reservation of land for housing the urban poor as the City Master Plans have led, by and large, to their exclusion from the city development process and driven them to illegal settlements. An arrangement between the stakeholders should be chalked out so as to appropriately alter the existing city master plans and prepare such Master Plans that adequately address the concerns of the urban poor for affordable housing and informal sector activities, which engage most of the urban poor. The Committee trust that these aspects have been taken care of since modalities for RAY are currently under process. They are hopeful that with active participation between Centre and State Governments, the Rajiv Awas Yojana could be implemented successfully and its objective to create a slum free India could be achieved.

Easier Credit facilities for urban poor under SJSRY, ISSHUP & JNNURM

9. The Committee appreciate that schemes like SJSRY, ISSHUP and JNNURM intend to provide credit facilities to urban poor for supporting various activities like self-employment, construction of house etc. However, the experience of the Committee so far suggests that whenever urban poor go to the bank or a Government agency with a loan request most of them return without any loans. There are lots of formalities or guarantees

required which poor people are not able to complete. The Ministry has also admitted before the Committee that getting the credit facility is the biggest problem for urban poor.

The Committee further find that though the provisions for providing loans to the urban poor have been made and funds have been earmarked for subsidised loans against dwelling units/houses under various schemes for the EWS/LIG segments people, the disbursement of loans to them is not a smooth process given the fact that this segment of population do not have any credit history of loans. Further, since most of the urban poor are employed in informal sector and do not reside in authorized areas, they face difficulty in producing proofs for regular income and residences and their requests for loans are declined by the financial institutions.

The Committee, therefore, recommend that the procedure for granting the loans to the urban poor should be simplified and guidelines/norms be relaxed/ revised so that more and more urban poor can avail credit facilities easily and set up their own ventures and avail loans for housing under the schemes. State level and District level Committees, which set up targets for the banks or lending institutions, should also be instructed in this regard to provide loans on softer terms to the intended beneficiaries.

Third Party Monitoring of Schemes

10. The issue regarding Third Party Monitoring of schemes run by Ministry of Urban Housing and Poverty Alleviation has engaged the attention of the Committee for quite some time. They note that under the BSUP and IHSDP component of JNNURM, around 15 lakh houses are sanctioned for the urban poor all over the country under about 1300 projects. The Committee feel that examining the quality of the houses built so far is a very important requirement before releasing further funds to the States. During the evidence, the Committee have been informed that apart from conducting technical scrutiny through agencies engaged by the State/ULB and internal inspections through State PWD, the Government is trying to establish a framework for third party monitoring system for the same and asking the States to engage agencies to monitor the quality of the construction of dwelling units/houses. In this connection, the Committee feel that third party assessment

needs to be a very objective one wherein there is a nil chance of any fabrication or manipulation of results or suppressing of facts. The Ministry has tried to convince the Committee during evidence that an agency appointed by them may not get requisite cooperation from the State Government. However, the Committee are of the view that since the funds for the Mission are released from the Central Government's Budget the Ministry should insist upon the State Governments to appoint an assessing agency from the agencies empanelled by the Ministry, as a mandatory requirement to avail funds, so as to ensure the objectivity of the results. The Committee would like to suggest that such empanelled agencies should submit their independent feedback to the Central Government so that the aim and objective of having a thirty party monitor is actually realised.

Social Auditing and Monitoring of Schemes

11. The Committee are happy to learn that in line with their recommendation in the earlier Demands for Grants Report (2008-2009) suggesting social auditing of various schemes run by the Ministry for an assessment of the Government's endeavour to provide infrastructure and basic services to the urban poor, the Ministry has introduced the concept of social Audit in the monitoring of schemes supported by them. The Committee were convinced that such a procedure can demonstrate the social, economic benefits of various schemes and also pinpoint limitations, if any in the same. In their view, such an effort would enable the Government to increase accountability as well as enhance people's participation in the democratic process in the country. In this connection, the Committee have now been informed that for social auditing, the Government is trying to bring on board some Non-Governmental Organisations to work with the municipalities to do a people-to-people audit of houses constructed and the projects under various schemes for urban poor. Besides, a manual on Social Audit is under process of validation and two projects under BSUP and IHSDP, in Andhra Pradesh and Madhya Pradesh respectively, are currently being run as pilot projects having independent social audits. The Committee hope that the Manual on Social Auditing would be validated expeditiously and the 2 pilot social audits, as initiated, will be completed within a set timeframe. They would like to know the results achieved in the said pilot projects.

In this context, the Committee further feel that involving the elected representatives of the people in the Parliament/State Assemblies in social auditing of schemes can be very beneficial. The Committee are aware that the Ministry of Rural Development has developed a procedure whereby a 'Vigilance Committee' under the chairmanship of the local member of Parliament looks into the progress of various ongoing schemes supported by that Ministry. The Committee further note that the Union Government has recently decided to involve MPs/MLAs for monitoring the implementation of some of its welfare schemes viz. the Prime Minister's new 15 point programme for minorities which includes UIG and UIDSSMT run by the Ministry of Urban Development. The Committee are confident that MPs/MLAs, who represent common people at the grass root level are aware of the slippages in implementation of Schemes and thus well-suited to monitor as to whether the credit facilities are actually reaching the beneficiaries or the construction of houses under JNNURM is qualitatively better. The direct involvement of the elected representatives in the process would also help in improving the delivery mechanism as well as ensuring that middlemen and other persons responsible for sabotaging various schemes for the urban poor do not go scot-free. The Committee, therefore, recommend that the Ministry should explore the possibility of involving people's representatives in the process of social audit of projects/schemes supported by the Government, and advise the States too, accordingly. The Committee further desire that the findings of social audit, once received, should be seriously considered by the Government to ensure that projects having substandard quality are rectified on an urgent basis.

Community Development Networks

12. The Committee note that to enable the urban poor to form their own organizations for monitoring the Government programmes meant for them through a collective voice, it has been envisaged to establish Community Development Networks (CDN) with the provision of funding upto Rs.10 lakh. The Committee, however, fail to understand as to why no proposal has been received so far despite the Ministry's efforts with the States to this effect. They feel that the Government may counsel the States to popularize the concept and seek assistance of the officers dealing with the SJSRY and JNNURM in this direction.

The Committee are of the firm opinion that the participation of the Communities is the best way to ensure the quality and performance of the schemes as well as maintenance of the assets since they, being beneficiaries, are aware of practical glitches in availing benefits of the schemes. The Committee desire to know the progress of the concept in the future course.

New Delhi

15 December, 2009
24 Agrahayana, 1931 (Saka)

SHARAD YADAV,
Chairman,
Standing Committee on Urban Development

APPENDIX-I

STANDING COMMITTEE ON URBAN DEVELOPMENT (2009-2010)

**MINUTES OF THE THIRD SITTING OF THE COMMITTEE HELD ON
WEDNESDAY, 21 OCTOBER 2009**

The Committee sat from 1100 hrs. to 1300 hrs. in Room No. 62, Parliament House, New Delhi.

PRESENT

Shri Sharad Yadav - Chairman

MEMBERS

LOK SABHA

2. Shri J.P. Agarwal
3. Shri Gajanan D. Babar
4. Shri Partap Singh Bajwa
5. Shri Eknath M. Gaikwad
6. Sk. Saidul Haque
7. Shri Kailash Joshi
8. Shri Ramesh Kumar
9. Shri P.C. Mohan
10. Dr. Sanjeev Ganesh Naik
11. Shri Kadir Rana
12. Shri Adagooru H. Vishwanath

RAJYA SABHA

13. Shri Parvez Hashmi
14. Shri Rajeev Shukla
15. Shri Surendra Motilal Patel
16. Shri Krishan Lal Balmiki
17. Shri Varinder Singh Bajwa

SECRETARIAT

1. Shri T.K. Mukherjee - Joint Secretary
2. Shri K.D. Muley - Director
3. Smt. Anita B. Panda - Additional Director
4. Ms. Amita Walia - Under Secretary

REPRESENTATIVES OF THE MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION

1. Smt. Kiran Dhingra - Secretary
2. Dr. P.K. Mohanty - Mission Director (JNNURM))
3. Shri S.K. Singh - Joint Secretary (H)
4. Ms. Shiela Sangwan - Joint Secretary & FA
5. Shri J.P.S. Chawla - Chief Controller of Accounts
6. Shri Pankaj Joshi - Director (Housing)
7. Shri D.P.S. Negi - Director (NBO)
8. Smt. Sharda P. Meshram - Director (A&C)
9. Shri Vivek Nangia - Director (JNNURM)
10. Shri V.K. Gupta - Deputy Financial Advisor
11. Shri K.L. Dhingra - CMD, HUDCO
12. Shri Jaiveer Srivastava - CMD, HPL
13. Shri Shailesh Agarwal - Executive Director (BMPTC)
14. Dr. M.L. Khurana - MD, NCHF

2. At the outset, the Chairman welcomed the members and representatives of the Ministry of Housing and Urban Poverty Alleviation to the sitting of the Committee. The Chairman then requested the Secretary, Ministry of Housing and Urban Poverty Alleviation to give a brief presentation on the Demands for Grants of the Ministry for the year 2009-2010. He also drew the attention of the representatives of the Ministry to the provisions of direction 55(1) of Direction by the Speaker.

3. The Secretary, Ministry of Housing and Urban Poverty Alleviation thereafter briefly explained the overall Budgetary position with regard to the various central sector schemes and programmes of the Ministry for the year 2009-2010 and highlighted their targets and achievements as well reasons for the shortfalls, wherever relevant. The Committee then discussed in detail various issues related to the examination of the Demands for Grants of the Ministry. The representatives of the Ministry clarified to the queries raised by the members.

4. A verbatim record of the proceedings was kept.

The Committee then adjourned.

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APPENDIX-II

STANDING COMMITTEE ON URBAN DEVELOPMENT (2009-2010)

**MINUTES OF THE FOURTH SITTING OF THE COMMITTEE HELD ON
TUESDAY, 15TH DECEMBER, 2009**

The Committee sat from 1500 hrs. to 1600 hrs. in Committee Room -Eø,
Parliament House Annexe, New Delhi.

PRESENT

Shri Sharad Yadav - Chairman

MEMBERS

LOK SABHA

18. Shri Praveen Singh Aron
19. Shri Partap Singh Bajwa
20. Shri Ambica Banerjee
21. Smt. Priya Dutt
22. Shri Eknath M. Gaikwad
23. Sk. Saidul Haque
24. Shri Kailash Joshi
25. Shri Mohinder Singh Kaypee
26. Shri Ramesh Kumar
27. Shri P.C. Mohan
28. Dr. Sanjeev Ganesh Naik
29. Shri Bajjayant -JayøPanda
30. Dr. Kirit Premjibhai Solanki

RAJYA SABHA

31. Shri Parvez Hashmi
32. Shri Rajeev Shukla
33. Shri Manohar Joshi

SECRETARIAT

5. Shri T.K. Mukherjee - Joint Secretary
6. Shri K.D. Muley - Director
7. Smt. Anita B. Panda - Additional Director
8. Ms. Amita Walia - Under Secretary

3. At the outset, the Chairman welcomed the members to the sitting of the Committee. The Committee then took up for consideration the draft Reports on Demand for Grants (2009-2010) of the Ministry of Urban Development and the Ministry of Housing and Urban Poverty Alleviation. After some deliberations, the Committee adopted the draft Reports with the following minor modifications:

A. Modifications in draft Report on Demands for Grants (2009-2010) of Ministry of Urban Development:

Sl. No.	Recommendations No./Annexure	Modifications suggested and incorporated
1.	Recommendation No. 10 (Line No. 3 from the bottom)	Instead of “...The Committee hope that Government...” read as, “...Though the Committee have serious doubts about completion of projects in time, nonetheless, they hope that the Government...”
2.	Annexure (page 75)	Instead of the Heading “List of Projects under the UIDSSMT having less than 50% progress” read as

		<i>“List of UIDSSMT Projects showing physical progress”</i>
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B. Modifications in draft Report on Demands for Grants (2009-2010) of Ministry of Housing and Urban Poverty Alleviation:

Sl. No.	Recommendations No.	Modifications suggested and incorporated
1.	Recommendation No. 10 (Line No. 11, 12 and 13 from the top)	Instead of “...In this connection, the Committee feel that third party assessment needs to a very objective one. They apprehend that if States are allowed to appoint the agencies to provide third party assessment, there could be chances of fabrication or manipulation of results or suppressing of facts...” read as, “...In this connection, the Committee feel that third party assessment needs to a very objective one wherein there is a nil chance of any fabrication or manipulation of results or suppressing of facts...”

4. The Committee then authorized the Chairman to finalise the Reports on the basis of factual verification from the concerned Ministries and present the same to the Lok Sabha.

The Committee then adjourned.

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