

**JAWAHARLAL NEHRU NATIONAL URBAN  
RENEWAL MISSION (JNNURM)**

[Action Taken by the Government on the Observations/Recommendations of  
the Committee contained in their Eighteenth Report (16<sup>th</sup> Lok Sabha)]

**MINISTRY OF URBAN DEVELOPMENT AND  
MINISTRY OF HOUSING AND POVERTY ALLEVIATION**

**PUBLIC ACCOUNTS COMMITTEE  
(2016-17)**

**FIFTY SEVENTH REPORT**

---

**SIXTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

PAC NO.2090

# **FIFTY SEVENTH REPORT**

## **PUBLIC ACCOUNTS COMMITTEE** **(2016-17)**

(SIXTEENTH LOK SABHA)

### **JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM)**

[Action Taken by the Government on the Observations/Recommendations of  
the Committee contained in their Eighteenth Report (16<sup>th</sup> Lok Sabha)]

**MINISTRY OF URBAN DEVELOPMENT AND  
MINISTRY OF HOUSING AND POVERTY  
ALLEVIATION**



*Presented to Lok Sabha on:*

*Laid in Rajya Sabha on:*

**22 NOV 2016**

**LOK SABHA SECRETARIAT  
NEW DELHI**

November, 2016 /Kartika, 1938 (Saka)

## CONTENTS

|   | <i>PAGE</i> |
|---|-------------|
| COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2016-17)  | (iii)       |
| INTRODUCTION .....  | (iv)        |
| CHAPTER I Report .....  | 1-18        |
| CHAPTER II Observations/Recommendations which have been accepted by the Government .....  |             |
| CHAPTER III Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government .....                    |             |
| CHAPTER IV Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration ..... |             |
| CHAPTER V Observations/Recommendations in respect of which the Government have furnished interim replies .....  |             |

## APPENDICES

- I \*Minutes of the sitting of the Public Accounts Committee (2016-17) held on 10.11.2016
- II Analysis of the Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Eighteenth Report (Sixteenth Lok Sabha) .....

\* Not appended in the Report

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2016-17)**

**Prof. K.V. Thomas - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri Sudip Bandyopadhyay
3. Shri Prem Singh Chandumajra
4. Shri Nishikant Dubey
5. Prof. Richard Hay
6. Shri Gajanan Chandrakant Kirtikar
7. Shri Bhartruhari Mahtab
8. Smt. Riti Pathak
9. Shri Neiphiu Rio
10. Shri Janardan Singh Sigriwal
11. Shri Abhishek Singh
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Udasi
15. Dr. P. Venugopal

**RAJYA SABHA**

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Bhupender Yadav
19. Shri Bhubaneswar Kalita
20. Shri Shantaram Naik
21. Shri Sukhendu Sekhar Roy
22. Shri Ajay Sancheti

**SECRETARIAT**

1. Shri A.K. Singh - Additional Secretary
2. Shri Tirthankar Das - Additional Director
3. Shri Paolienlal Haokip - Deputy Secretary
4. Shri Ashikho Alema - Executive Assistant

---

\* Elected w.e.f. 09.08.2016 vice Shri Vijay Goel, MP appointed as Minister of State w.e.f. 05.07.2016.

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2016-17), having been authorized by the Committee, do present this Fifty Seventh Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eighteenth Report (Sixteenth Lok Sabha) on 'Jawaharlal Nehru National Urban Renewal Mission (JNNURM)' based on C&AG's Report No.15 of 2012-13 relating to Ministry of Urban Development and Ministry of Housing and Poverty Alleviation.

2. The Eighteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 29 April, 2015. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the Fifty Seventh Report at their sitting held on 10 November, 2016. Minutes of the sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Eighteenth Report (Sixteenth Lok Sabha) is given at Appendix-II.

NEW DELHI;

16 November, 2016

25 Kartika, 1938(Saka)

PROF. K.V. THOMAS,

Chairperson,

Public Accounts Committee.

## REPORT

## PART - I

## INTRODUCTORY

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Eighteenth Report (16<sup>th</sup> Lok Sabha) on "Jawaharlal Nehru National Urban Renewal Mission" based on C&AG Report No. 15 of 2012-13, Union Government (Performance Audit), relating to Ministries of Urban Development and Housing & Urban Poverty Alleviation.

2. The Eighteenth Report (16<sup>th</sup> Lok Sabha), which was presented to Lok Sabha and laid in Rajya Sabha on 29<sup>th</sup> April, 2015 contained 31 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministries of Urban Development and Housing & Urban Poverty Alleviation and are broadly categorized as under:

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

*Para Nos. 1-5, 7-17, 19-24, 27- 31*

**Total: 27**

**Chapter - II**

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

*Para Nos. Nil*

**Total: Nil**

**Chapter - III**

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

*Para Nos. 6, 18, 25 and 26*

**Total: 04**

**Chapter - IV**

(iv) Observations/Recommendations in respect of which Government have furnished interim replies:

*Para Nos. Nil*

**Total: Nil**

**Chapter - V**

3. In their Eighteenth Report, the Committee examined the "**Jawaharlal Nehru National Urban Renewal Mission**" of the Ministries of Urban Development and Housing & Urban Poverty Alleviation and found the following shortcomings:

- i) Shortfall in release of Additional Central Assistance;
- ii) Delay in completion of projects and consequential adverse impacts
- iii) Delay in establishment of Project Management Units and Project Implementation Units
- iv) Lapse in the conduct of elections in Urban Local Bodies (ULBs)
- v) Failure to transfer the functions in the 12<sup>th</sup> Schedule and City Planning functions to ULBs
- vi) Failure in implementing efficient reforms on property tax and certification of ULBs
- vii) Failure to achieve 100% cost recover in respect of water supply and solid waste management projects
- viii) Failure to implement enactment of 'Public Disclosure Law'
- ix) Non-commitment towards e-governance
- x) Absence of linkage between City Development Plans and Detailed Project Reports
- xi) Lapses in the identification of beneficiaries and implementation of Housing Projects
- xii) Non-transparent process of tendering
- xiii) Deficiencies in operating buses under the Mission
- xiv) Inadequate Urban Renewal Projects and delay in release of ACA after approval of project.
- xv) Financial mismanagement and diversion of JNNURM fund
- xvi) Non-release of matching share by State Governments
- xvii) Inadequate monitoring of the implementation of the Mission
- xviii) Need for different system of implementation in the North Eastern and Himalayan States.

4. The Action Taken Notes furnished by the Ministries of Urban Development and Housing & Urban Poverty Alleviation in respect of all Observations and Recommendations of the Committee have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the Action Taken by the Government on the Observations and Recommendations made in the Original Report which either need reiteration or merit comments.

**(Recommendation Para No.6)**

**TRANSPARENCY IN THE IMPLEMENTATION OF THE MISSION**

5. In their 18<sup>th</sup> Report, the Committee had noted that regular elections in ULBs were not conducted though it was made a mandatory reform under JNNURM, in 6 States i.e. Arunachal Pradesh, Assam, Jammu and Kashmir, Jharkhand, Meghalaya and Nagaland. In Sikkim, elections were held for the first time in 2010 i.e. 5 years after launching JNNURM. The Ministry were unable to furnish any plausible reason for lapse and attributed even the holding of elections in these States an achievement for JNNURM. The Committee felt that the MoUD failed to ensure fulfilment of JNNURM mandate. As a new National Urban Renewal Mission was likely to take off soon, the Committee recommended the Ministry of Urban Development to sensitize the States about the need for fulfilling the JNNURM mandate of holding regular elections in their local urban bodies and extend every possible guidance and assistance in the matter. The Committee also desired to be apprised of the present position with respect to conduct of elections in ULBs in these States.



6. The Ministry of Urban Development in their Action Taken Note have stated as under:-

"Regarding elections in ULB, State Government/ UTs were requested to apprise present position. In this regard eight States have submitted the replies with respect to conduct of elections in ULBs. The details are as below:

Tripura: Elections to Municipalities were held in the state on 23.12.1995, 16.12.2000, 16.12.2005, 11.02.2010 in the JnNURM Mission City Agartala as well as non-mission cities.

Delhi: Regular elections are being held for Municipal Corporations of Delhi (previously MCD) i.e. North Delhi Municipal Corporation, South Delhi Municipal Corporation and East Delhi Municipal Corporation regularly by the State Election Commission. The last election was held in the Year 2012 and next is due in the year 2017.

Sikkim: Elections for Urban local bodies in Sikkim was conducted for the first time in May 2010 and second election would be held sometime in the month of September – October 2015.

Meghalaya: Election of Ward Commissioners of Shillong Municipal Board was last scheduled to be held on 25.11.2000. However no nomination was filed Election of Ward Commissioner in Tura, Baghmara, Wdilliamnagar & Resubelpara in Garo Hills District was fixed in August, 2011 but election process was kept in abeyance due to law and order problem. Election process in Jowai Municipal Board was also kept in abeyance pending a final decision of the High Court.

J&K: State Cabinet vide its decision No. 22/05/2015, dated 06.04.2015 has approved the completion of elections to the Municipal Corporations/ Municipal Councils/ Municipal Committees in the State of Jammu and Kashmir, as soon as possible, in consultation with the office of the Chief Electoral Officer, J&K. The requisite details of all the Municipal Corporations/Councils/Committees have been communicated to the Chief Electoral Officer, J&K. Chief Electoral Officer, J&K has already started preparatory work for conduct of elections.

Mizoram: There is only one ULB i.e., the Aizawl Municipal Council in Aizawl City having 19 Municipal Wards. Election was held in November, 2010 and the next election is due in November, 2015 for which necessary actions have been taken up by the State Government and Mizoram State Election Commission (SEC).

Bihar: Elections of ULBs in mission city were held in 2012.

Daman & Diu: The elections are conducted regularly prior to completion of present term i.e. five year.

Gujarat: Out of 162 Municipalities elections were held in 159 municipalities and three new municipalities were constituted in Feb'15."

7. In their updated Action taken note the Ministry further stated as under:-

"Information has not been received from Arunachal Pradesh, Assam, Jharkhand, and Nagaland."

8. The Ministry updated their Action taken note as under:-

"Nagaland:- Joint Action committee on Women Reservation (JACWR) has filed a 'Special Leave Petition in the Hon'ble Supreme Court seeking the Court intervention on the decision of the Government of Nagaland regarding reservation of one-third seats to Women and the judgment and verdict of the Hon'ble Supreme Court is awaited for further action."

9. The Committee note that though regular conduct of elections to Urban Local Bodies (ULBs) was made a mandatory reform for efficient implementation of JNNURM, the Ministry released funds even to States that have failed to comply. In the absence of an elected local body in these States, the Committee express their concern on the level of transparency in the implementation of the Mission in these States and the status of reforms which are to be achieved by the ULBs like creation of a web-site, publication of e-newsletter for dissemination of information regarding initiative undertaken and work done by the ULBs. Since the term of the Mission will expire in March, 2017, the Committee, recommend that the Ministry urge the State Governments to constitute an expert body to assess the work done by the implementing agencies so far and expeditiously conduct elections to ULBs where ever necessary to ensure transparent and effective implementation of the successor Schemes. The Committee also desire the Ministry to consider withholding release of funds for successor schemes to States where elections to the urban local bodies have not been held. The Committee have also been informed that information regarding the conduct of election to ULBs in 4 States *viz* Arunachal Pradesh, Assam, Jharkhand and Nagaland has not been received in the Ministry. The Committee, therefore, urge the Ministry to issue reminders to these States to furnish the information without any further delay.

## (Recommendation Para No. 11)

**ROBUST AND TRANSPARENT SYSTEM OF COLLECTION OF SERVICE CHARGES**

10. In their 18<sup>th</sup> Report, the Committee were perturbed to find that out of 39 Mission Cities selected for audit scrutiny, only 7 cities achieved the mechanisms for collection of user charges for water supply and 5 cities achieved solid waste management with the objective to meet the cost of operation and maintenance thereof despite these being mandatory reforms under JNNURM. The Ministry contended that while reforms implementation had been a challenge, most of the smaller cities had inadequate capacity in terms of finance and human resources which had led to slow achievement of reforms. The Committee felt that with proper ground work, careful planning and meticulous execution, these reforms would not be difficult to achieve and the Ministry erred in not foreseeing them and taking advance action. Since levying of user charges was indispensable for ensuring an uninterrupted water supply and operation of solid waste management projects, the Committee desired the Ministry to prevail upon the States to make their ULBs formulate reasonable user charge policy, introduce volumetric/telescopic tariff and revise and realize tariff on time bound basis, if found necessary, towards achieving 100 per cent operation and maintenance cost recovery of the schemes/projects concerned.

11. The Ministry of Urban Development in their Action Taken Note have stated as under:-

"One of the reforms under AMRUT is to adopt a policy on user charges for individual and institutional assessments in which a differential rate is charged for water use and adequate safeguards to take care of the interest on the vulnerable. At least 90% billing and at least 90% collection has been specified."

12. The Committee note that out of 39 Mission Cities selected for audit scrutiny, only 7 cities could put in place the mechanisms for collection of user charges for water supply with the objective to meet the cost of operation and maintenance thereof despite this being mandatory reforms under JNNURM. The Committee also observe that only 5 cities could put in place a system for solid waste management. The Committee appreciate that under Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the Ministry have specified a differential rate of at least 90% billing and 90% collection as service charges for services provided under the Mission. The Committee, however, caution the Ministry to learn from the shortfalls of JNNURM and desire the Ministry to impress upon the States to formulate a robust and transparent method of collection of service charges to ensure timely and invariable collection from all 500 cities under AMRUT.

(Recommendation Para No. 14)

#### STATUS OF IMPLEMENTATION OF REFORMS

13. In their 18<sup>th</sup> Report the Committee found that MoUD was unable to ensure implementation of reforms such as Revision of building bye-laws, introduction of computerized process of registration of land and property, Rent control laws and rationalization of stamp duty to 5 percent, initiated as part of JNNURM. The Committee further observed that 21 out of 63 ULBs/Parastatals which had committed to implement the reform for revision of building bye-laws for streamlining the approval process by 2010-11, failed to implement it. Even after about 3 years, only 58 out of 65 ULBs could achieve this reform. Similarly, 14 ULBs/Parastatals failed introduce computerized process of registration of land and property despite committing to implement the reform by 2010-11. The situation did not improve in the succeeding years as only 52 out of 65 ULBs reported achievement of this reform by 2014. Further, as many as 16 States/UTs which had committed to implement the

reforms of Rent Control Laws by 2010-11, failed to implement it. Even by March 2014, 9 States could not achieve the reform. Furthermore, 13 States/UTs could not rationalise Stamp Duty to 5 percent even though JNNURM required this reform on the ground that a reduction in the rate would help to develop a healthy real estate market by providing boost to the economy, reduce the undervaluation and size of black money and increase revenues both for the States as well as the ULBs. There was apparent lack of communication between the Ministry and the States. While many States were reluctant to reduce the stamp duty rates to the level of 5 percent apprehending a fall in the States revenue, the Ministry included this reform for implementation under JNNURM after realizing that high rates of stamp duty lead to undervaluation of properties resulting in substantial loss of revenue to the States and ULBs. These facts clearly revealed that no appreciable effort was taken by the Ministry during the first few years of JNNURM to convince the States/UTs to implement and achieve the reforms. The Committee denounced these failures in the strongest terms. The Committee also noted that the Ministry had embarked upon a Rapid Training Program on Governance and Reforms and more than 3800 persons had undergone training. The Committee desired to know if the aforesaid reforms were achieved in all the Mission Cities/States/UTs concerned at the end of the extended period of Mission in March, 2014.

14. The Ministry of Urban Development in their Action Taken Note have stated as under:-

“The Reform status as on March 2014:

57 cities have implemented ‘Revision of Building Bye laws - streamlining the Approval Process.’ The remaining 8 cities are: Porbander, Faridabad, Dhanbad, Gangtok, Agartala, Dehradun, Haridwar and Nainital.

57 cities have implemented the Introduction of computerized process of Registration of land and property. The remaining 8 cities are: Itanagar, Raipur, Bhopal, Indore, Jabalpur, Ujjain, Aizwal and Kohima.

24 States have archived Reform in Rent Control. The remaining states are: Assam, Bihar, Goa, Gujarat, Haryana, Manipur, Meghalaya and Orissa.

19 States have achieved the Stamp duty rationalization to 5%.

The remaining States are: Arunachal Pradesh, Bihar, Haryana, Jammu and Kashmir, Kerala, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and West Bengal"

15. In their updated Action taken note the Ministry further stated as under:

"States have undertaken reforms under JNNURM. JNNURM ended on 31.3.2014. AMRUT has prescribed reforms to be achieved by States / UTs within prescribed time limit."

16. The Committee note that JNNURM which was launched in 2005, was to end in 2012 but was extended till 31 March 2014. Thereafter when the Government launched a new scheme viz "AMRUT" in 2015, the scheme also extended support to JNNURM projects sanctioned before 31.03.2012 subject to 50% physical and financial progress and also to projects sanctioned during 2012-14 till 31.03.2017. Even after the lapse of the extended period of the Mission (March 2014), the Ministry could not ensure the implementation of basic reforms like Revision of Building Bye laws - streamlining the Approval Process, introduction of computerized process of registration of land, rent control, stamp duty rationalization to 5% in all States. The Committee while deprecating this low performance would like to be apprised of the reasons behind such flagrant failure and the measures taken by the Ministry to

address the pending reforms. Noting that AMRUT has prescribed reforms to be achieved by States/UTs within stipulated time limit, the Committee, while cautioning against the lapses in the implementation of JNNRUM, urge upon the Ministry to take pro-active steps to ensure that the prescribed reforms under the new scheme are achieved by the States/UTs within the given timeframe.

(Recommendation Para No. 17)

#### EXPEDITIOUS IDENTIFICATION OF BENEFICIARIES OF DWELLING UNITS

17. In their 18<sup>th</sup> Report, the Committee observed that in many cases in Arunachal Pradesh, Bihar, Himachal Pradesh, Gujarat, Karnataka, Puducherry, Uttar Pradesh, Kerala, Nagaland, Haryana, Chhattisgarh, West Bengal and Tamil Nadu, there was no proper identification of beneficiaries of housing projects leading to the risks of ineligible beneficiaries getting the benefits of JNNURM. To illustrate, in the IHSDP Project in Ramnagara, Karnataka, there were 444 beneficiaries in the DPR but the project proposal was for construction of 1800 houses. Under BSUP/IHSDP projects in Lucknow and Ghaziabad, Uttar Pradesh, 295 houses constructed under the scheme were allotted to the beneficiaries other than those mentioned in the DPR. In respect of BSUP, Kochi Phase-II-Individual houses, Kerala, the beneficiaries of three colonies (Panayapally, Pattathiparampu and Chilavannur) were corporation employees with regular source of income who were not eligible for assistance under the scheme. The Committee believed that the importance of identifying the correct beneficiaries was absolutely critical for attaining the objectives of the scheme. In order to prevent the risk of ineligible beneficiaries deriving benefits of this scheme intended for the urban poor, the Committee recommended the Ministry to make concerted efforts to encourage the use of bio-metric identification procedure by the States as well as to give wide publicity to schemes and their beneficiaries through local newspapers and social media and introduce community audits to ensure that only the eligible beneficiaries are provided housing under JNNURM. The



Committee further recommended that the Ministry review the status of all housing projects, step up the efforts to make allotment to eligible beneficiaries and consider giving incentives to the successful States. The Committee also desired to be apprised whether the houses given to the ineligible beneficiaries identified by the C&AG could be transferred to the eligible beneficiaries by the States concerned. They also desired to know whether allotment policy on the matter had been formulated/ formalized in all the States including NCT of Delhi.

18. The Ministry of Housing & Urban Poverty Alleviation in their Action Taken Note have stated as under:-

"The policy of allotment in Delhi is still not formulated. Learning from the experience of implementation of earlier schemes which had difficulty in identification of beneficiaries, the Ministry in its new mission 'Housing for All' (Urban) launched on 25th June, 2015, has provided for a prior beneficiary identification through demand assessment linked to Aadhar, PM Jan Dhan Yojana etc.

As regarding the issue of transfer of houses given to the ineligible beneficiaries identified by the C&AG to eligible beneficiaries, Ministry has sought a status report from the concerned 12 State/UT Governments. State Government of Arunachal Pradesh, Manipur and UT of Puducherry have furnished their responses. Arunachal Pradesh Government has informed that the BSUP project "Karsingsa Housing Project (752)" is under completion and DUs so constructed shall be allotted to eligible beneficiaries only as per biometric survey conducted. UT of Puducherry has clarified that so far only 72 DUs have been completed under their IHSDP project "Construction of 432 DUs at Karaikovilpathu, Karaikal", out of which only 9 DUs have been allotted to the beneficiaries as per the criteria specified under JnNURM scheme. State Govt. of Manipur has submitted that BSUP project of Imphal city

is a beneficiary led construction and that 1250 beneficiaries under the project were identified by the Imphal Municipal Council and the parameters for selection of beneficiaries were fixed by the State based on established criteria in line with JNNURM guidelines/objectives. State Govt. of Manipur had constituted a "Committee of Officers" to verify the list of beneficiaries prepared by Imphal Municipal Council for the BSUP Project for Imphal city.

The 1250 beneficiaries of BSUP project was approved by the State Govt. on the recommendation of the Committee.

Ministry is in the process of collating the requisite information from the Himachal Pradesh, Gujarat, Karnataka, Uttar Pradesh, Kerala, Nagaland, Haryana, Chhattisgarh and Tamil Nadu.

19. In their updated Action taken note the Ministry further stated as under:-

"On follow-up with States/UTs, only the States of Karnataka & Gujarat have furnished the requisite status report in respect of their projects. State Govt. of Karnataka has reported that in its project at Ramnagar Town under JNNURM-IHSDP scheme, all the 1800 beneficiaries identified by conducting socio economic survey. 1560 DUs out of total 1800 DUs, constructed in 16 slums of Ramanagar city have been allotted to 1560 eligible beneficiaries (in-situ slum dwellers) who were already staying in the transit sheds and having documents such as BPL card, voter ID etc. The remaining 240 DUs have been constructed in relocated area of Doddamannugudde at Ramanagar city. These houses and infrastructure works are in nearing completion. These houses allotted to the eligible beneficiaries as per the list approved by Karnataka Slum Development Board.

Govt. of Gujarat has submitted that under their IHSDP project at Jamnagar, Jamnagar Municipal Corporation (JMC) had planned to make 864 DUs and prepared a DPR to relocate 2 slum pockets - (1) Summair Club Zupadpatti and (2) Jalaram Zupadpatti and the same was sanctioned by Govt. of India. In the 1st Stage out of 864 DUs, 420 DUs have been allotted to the 101 beneficiaries of Summair Club Zupadpatti, 230 beneficiaries of Dalitnagar, Nr. Sonal Nagar & remaining 89 units allotted to beneficiaries who were affected by T.P. & D.P. Road implementation in various slum parts of the city. In the 2nd Stage, 444 DUs will be allotted to the 237 beneficiaries of Jalaram Zupadpatti as per resolution approved by General Board Nominated Avas Allotment Committed and remaining 207 DUs will be allotted to the beneficiaries of 55 slum pockets of the Jamnagar city. Jamnagar Municipal Corporation has allotted first of all to the beneficiaries of 2 slum pockets which have been finalized in DPR and remaining all DUs have been allotted to other slum identified beneficiaries. In light of these facts, the State Govt. of Gujarat has reported that no ineligible beneficiaries are allotted houses under their said project. Ministry will update as soon as information is received from other States.

There was no incentive designed in the JnNURM scheme to be given to States which implemented scheme successfully. Ministry, however, had given awards to States and Cities for their efforts to implement BSUP and IHSDP and pro-poor reforms. 13 such awards were given in 2014, 12 awards in 2011, 12 awards in 2010, and 8 awards in 2009.

In the case of NCT Delhi, Delhi Government has reported that due to various factors it has not been able to decide the cutoff date for

selection of beneficiaries. Ministry has taken up with Delhi Government on this issue many times."

20. The Committee are pleased to note that States of Karnataka and Gujarat have furnished the requisite status in respect of their projects and identification of beneficiaries. The Ministry are however, in the process of collecting requisite information regarding identification of beneficiaries of housing projects in respect of other States viz Himachal Pradesh, Uttar Pradesh, Kerala, Nagaland, Haryana, Chhattisgarh and Tamil Nadu. The Committee impress upon the Ministry to vigorously pursue the matter of identification of beneficiaries with the concerned States and expeditiously prepare a final beneficiary list to facilitate 100% occupancy by the time financial support to the projects sanctioned under JNNURM ends, i.e March 2017. The Committee also desire to be apprised of the reasons behind non-formulation of policy for allotment of Dwelling Units (DUs) in NCT of Delhi. While appreciating that the new mission 'Housing For All' provide for prior beneficiary identification through demand assessment linked to Aadhar, PM Jan Dhan Yojana etc., the Committee impress upon the Ministry to periodically assess the progress of the Scheme so as to ensure timely completion of the Scheme and 100% occupancy on expiry of the term of the Scheme.

(Recommendation Para No.18)

### PRIORITIZATION OF PROJECTS

21. In their 18<sup>th</sup> Report, the Committee noted that a new mission called Rajiv Awas Yojana was being implemented for the period 2013-2022 by the MoHUPA as replacement of JNNURM with an aim to control the mushrooming of slums in various towns. The Scheme was based on an appropriate, corrective and promising approach to cure and prevent the ills of uncontrolled slum growth in towns especially after the JNNURM debacle with an aim to construct 1 million houses with a unit cost

limit of upto Rs.4 lakh. The Committee, however, doubted the efficacy of the scheme given the fact that almost all the towns were not yet equipped with matching manpower and resources to realize the objectives of such a scheme. The Committee desired that the Ministry concerned take enough precaution, learn suitable lessons from their experience of implementing JNNURM and also take into account the Observations and Recommendation of the Committee on the subject and carry out all necessary ground work and put suitable mechanisms in place well in advance and ensure a seamless monitoring and implementation of Rajiv Awas Yojana. The Committee desired to be apprised of the budget and targets set under the Scheme.

22. The Ministry of Housing & Urban Poverty Alleviation in their Action Taken Note have stated as under:-

"The Ministry has launched a new mission 'Housing for All' (HFA) on 25th June, 2015 to provide Housing for all urban poor, in place of RAY scheme. The new mission has four pillars namely, Slum Redevelopment, Affordable Housing through Credit Linked Subsidy, Affordable Housing in Partnership and Subsidy for beneficiary-led individual house construction/enhancement. The budgetary allocation for HFA Mission for the year 2015-16 is ₹.4150 Crs. During FY 2015-16, 100 cities will be selected and expect to complete preparation of Housing for All Plan of Action (HFAPoA) in 50 cities. Construction of houses under the new Mission is expected to commence from 2016-17 onwards. Construction of 1.5 lakh houses under ongoing schemes are expected to be completed during this year also.

The liabilities arising out of 183 RAY projects which have started on the ground, have been subsumed in the new mission."

23. In their updated Action taken note the Ministry further stated as under:-

“Slum’ and ‘Colonization’ are State subjects and it is the responsibility of the State Government to prevent mushrooming of slums. Ministry of HUPA through its Schemes has provided financial assistance of States/ UTs in creation of affordable housing stock as a preventive strategy/ measure to check creation of future slums. In the newly launched HFA mission, three Verticals of PMAY-HFA (Urban) Mission Viz. Credit Linked Subsidy Scheme (CLSS), Affordable Housing in Partnership (AHP) & Beneficiary led Construction would contribute to the creation of Affordable housing stock. In order to facilitate creation of Affordable Housing mandatory conditions like earmarking land for Affordable Housing and removal of condition of NA permission in Master Plan area have been introduced under PMAY. Also, Ministry is pursuing for inclusion of “Affordable Housing” in harmonized list of Infrastructure sub-sectors to give boost to Affordable Housing Projects.”

24. The Committee note that in place of JNNURM, Rajiv Awas Yojana (RAY) was initiated to be implemented for the period 2013-2022 by the Ministry of Housing and Urban Poverty Alleviation with the intention to control the mushrooming of slums in various towns. The Ministry launched another mission Housing For All (HFA) in June, 2015 in place of RAY and the liabilities arising out of RAY were subsumed in the new mission. However, the Ministry have absolved themselves from the responsibility of preventing the mushrooming of slums and stated that ‘Slum’ and ‘colonization’ are State subjects and it is the responsibility of the State to prevent mushrooming of slums. The Committee, however, are of the view that the Ministry need to assume a proactive approach and commit themselves towards mitigating uncontrolled growth of slums. The Committee desire that the Ministry closely

monitor the assessment and identification of beneficiaries under the new HFA Scheme. The Committee are perturbed to find that in the new Mission, the Ministry have not addressed the basic/original purpose of RAY which was to control mushrooming of slums in various towns. The Committee desire that availability and functionality of basic facilities like clean running water, electricity, toilets, sewerage and waste management system etc. in slum areas be taken into account and areas with the least basic amenities be given primary preference while prioritizing projects under the new Mission.

(Recommendation Para No. 25)

#### OVERALL RESPONSIBILITY OF THE MISSION

25. The Committee noticed that the Audit had found 7 cases in 7 States/UTs where the JNNURM funds to the tune of Rs.9.86 crore meant for housing projects were diverted for inadmissible purposes even for non-JNNURM purposes. In another case, JNNURM funds worth Rs.1.22 crore were distributed amongst 407 unverified beneficiaries under the IHSDP project, Parole (Kathua), Jammu and Kashmir. Further, JNNURM funds to the tune of Rs.114.68 crore meant for urban infrastructure projects had been diverted for non admissible purposes in 8 cases in 6 States and the Ministry failed to obtain reasons therefor from the defaulting States. Considering such cases a grave violation of financial procedures and guidelines, the Committee recommended that all these cases of illegal diversion of JNNURM funds should be probed and appropriate action taken against the erring officials and the State Governments concerned. The Committee also desired to be apprised of the progress on the matter and recoveries made so far. Further, the Committee recommended that the monitoring of the execution of projects should be strengthened so that there is no fund diversion to in-eligible beneficiaries/schemes.

26. The Ministry of Urban Development in their Action Taken Note have stated as under:-

"The JnNURM is ACA to the State Plan. The projects are implemented by the States in accordance with their financial rules and procedures. The Govt. of India has been requesting the State Governments/UTs to adhere to all financial principles while implementing the projects. GOI has also asked the States to ensure fiscal discipline, including non-diversion of funds.

Haryana, Chhattisgarh and Jharkhand have been asked to submit the reply.

Himachal Pradesh

As per the directions of the Hon'ble High Court of HP in CWP No. 56/2009, the change of land use was obtained from GOI under FCA, 1980. On the request of Forest Department, the funds amounting to Rs.1.91 crores were deposited on account of compensatory afforestation, NPV and cost of trees. Accordingly state funds were sanctioned by the Govt. of HP for the above said purpose. As such no JnNURM/Central Funds were diverted for this purpose.

Andhra Pradesh

SLNA, A.P. has informed that an amount of Rs. 78.38 crores has been recouped by making payment of JnNURM bill from the funds available under Godavari Drinking Water Supply Scheme Phase -I (Maulana Abul Kalam Hyderabad Sujala Sravanthi Scheme).

The Government of Assam has clarified that the land acquisition cost of the South Guwahati West Water Supply Project was not included in the approved DPR hence the amount was provided by the



State Government through separate administrative approval on 1.10.2010. Hence acquisition of private lands was made without involving the project fund.

No diversion has taken place at the Government of India level. Further, it is the submission of the Ministry that such paras are required to be settled by the States with their respective A.Gs."

27. The Ministry have further stated that corrective measures are being taken in the cases of illegal diversion of JNNURM funds.

28. The Committee find that the Ministry have not furnished satisfactory explanation/ details on diversion of JNNURM fund. The Committee note that the Ministry have requested State Governments/UTs to adhere to all financial principles while implementing projects and ensure fiscal discipline, including non-diversion of funds. The Ministry have also stated that funds are released to ULBs through State Governments and as such States have to ensure that funds are not diverted by the implementing agencies. While the Committee understand that the State Government, through the Urban Local Bodies (ULBs) are the implementing agency, the Committee question the logic behind the Ministry absolving itself of all responsibility on the matter. The Committee are of the view that merely requesting the States to adhere to the financial principles will not be effective without a system of fixing responsibility and imposing penalties for non compliance. The Committee feel that the Mission, being a centrally approved and sponsored initiative, with the Ministry as the nodal agency, the Ministry should have overall control and regulatory authority over financial matters. The Committee advise the Ministry to learn from the shortfalls of the old Schemes and avoid financial mismanagement in future Schemes. The Committee, therefore, desire that a Review Committee be constituted for overall review and audit of successor Schemes, and stipulate

that a factual report by such a review committee a requirement for further release of funds.

(Recommendation Para No. 26)

### BETTER COORDINATION BETWEEN CENTRE AND STATE

29. In their 18<sup>th</sup> Report the Committee noted the failure of the Ministry to enforce fiscal discipline on the States/ ULBs as evident from the number of cases of mismanagement of JNNURM funds. The Revolving Fund meant to be created from 10 per cent of the funds released by SLA, for leveraging market funds to finance further investment in infrastructural projects in the case of UIG/UIDSSMT and to be utilized for meeting Operations and Maintenance expenses of assets created in the case of BSUP and IHSDP, had not been created by the SLNAs in 25 States/UTs. Though it was created in very few States, it was not utilized for its original purpose but for meeting expenses for preparation of DPRs/Project Management consultancy charges, etc. Audit had also found that in 9 cases in 9 States/UTs, JNNURM funds to the tune of Rs.637.23 crore were parked by SLNAs or ULBs instead of releasing those to the implementing agencies. Audit pointed out that the States had earned interest of Rs.226.58 crore upto 31st December, 2011. Both the Ministries of Urban Development and Housing & Urban Poverty Alleviation were unable to intimate the details of utilization/adjustment of the amount and the total interest earned on JNNURM funds deposited in the banks. The Committee observed that the JNNURM guidelines were not accompanied by appropriate advisory to the States regarding parking of funds and the utilization of interest earned thereof. The Committee also found that an amount of Rs.44.79 crore released as ACA for projects which were later abandoned was not refunded to the Government of India and in respect of the withdrawn projects, the quantum of such amount was Rs.309.29 crore. Later, the Ministry claimed that a major part of this amount had been recovered/ adjusted. The MoHUPA also failed to verify adherence to the conditions/guidelines for release of ACA prior to the release of the first instalment in any of the test checked 29 projects.

Further, the flow of funds showed that there was a rush of expenditure ranging from 19.2 per cent to 100 percent in the last quarter and particularly in the month of March at Central level during the years 2005-06 to 2012-13, much against the General Financial Rule 56(3). As funds were being released by the Ministry of Finance/Ministry of Home Affairs at the fag end of the year, the State/UT Governments were in turn releasing the same to the implementing agencies very late leading to delays and problems in the implementation of the projects. Furthermore, Utilisation Certificates amounting to Rs.10,032.13 crore were pending with the MoUD and the MoHUPA. An analysis of the causes of these financial irregularities indicated lack of concerted efforts from both the Ministries. While these facts established, beyond doubt, that the financial management under JNNURM had comprehensively failed and required innovative remedial measures and restructuring, in almost all these cases, the Ministries had merely issued advisories for rectifying the lapses, deficiencies and shortcomings, that too only at the instance of Audit. It also showed that the Ministries' internal mechanism was unable to detect the financial mismanagement of the Mission funds, despite being well-aware of the very limited capabilities of the States to handle the scheme. Since observing fiscal discipline was paramount for success of any scheme, the Committee desired that both the Ministries should introduce a zero tolerance policy at all levels in respect of fiscal indiscipline, monitor the fund flow arrangement in real time from the Centre to the implementing agencies via the SLNAs/States/UTs as per ground level progress of projects, to ensure minimum unspent/excess amount outside Government accounts. Further, the Committee desired the Ministries to reiterate the provisions of timely submission of the Utilisation Certificates and advise the States/Uts to strictly comply with them and liked to be apprised of the total amount released and unutilized/unrefunded amount of ACA, if any, left at the end of the extended period of JNNURM in March, 2014.

30. The Ministry of Urban Development in their Action Taken Note have stated as under:-

"It is reiterated that as per JNNURM guidelines, the State is to add its matching share to the release made by Central Govt. and release it to the Implementing Agency. The same has been committed vide the tripartite agreement signed between Centre, State and City. An advisory dated 29th May, 2012 in this regard has also been issued to all the States.

Progress under Urban Infrastructure and Governance (UIG):

| Phase                 | Total no. Sanctioned Project       | Total no. Completed Projects | Total no. on-going projects |
|-----------------------|------------------------------------|------------------------------|-----------------------------|
| Data as on 31/03/2014 |                                    |                              |                             |
| Mission(2005-12)      | 534 (Excluding withdrawn Projects) | 227                          | 307                         |
| Transition            | 61                                 | 0                            | 61                          |
| Data as on 31/05/2015 |                                    |                              |                             |
| Mission (2005-12)     | 534 (Excluding withdrawn Projects) | 250                          | 284                         |
| Transition            | 61                                 | 0                            | 61                          |

Progress under Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT)

| Phase | Total no. of Sanctioned Projects | Total no. Completed Projects | Total no. on-going projects |
|-------|----------------------------------|------------------------------|-----------------------------|
|-------|----------------------------------|------------------------------|-----------------------------|

| Data as on 31/03/2014 |                                    |     |     |
|-----------------------|------------------------------------|-----|-----|
| Mission (2005-12)     | 801 (Excluding withdrawn Projects) | 452 | 349 |
| Transition            | 235                                | 0   | 235 |
| Data as on 31/05/2014 |                                    |     |     |
| Mission (2005-12)     | 801 (Excluding withdrawn Projects) | 466 | 335 |
| Transition            | 235                                | 0   | 235 |

31. In their updated Action taken note the Ministry further stated as under:-

"JNNURM ended on 31.03.2014. The utilization certificates for funds released under JNNURM are being monitored."

32. The Committee note that in accordance with the instructions of the Ministry of Finance, the Ministry adjusted the un-utilised Additional Central Assistance (ACA) against fresh/ ongoing projects in that particular State. The Committee also note that the Ministry are unable to intimate the exact details of utilized and adjusted funds in cases of withdrawn projects. The Committee are of the opinion that lack of coordination and communication between the Ministry and the States and lack of proper planning and supervision are the reasons behind the ambiguity on the details of utilized and adjusted fund; delay in the release of State share fund, indeterminate parking of fund, etc. The Committee, therefore, desire that a real time system of sharing information on an IT platform between the Ministry, States and the implementing agencies needs to be devised urgently to facilitate transparency in the implementation of ongoing projects as well as projects of the successor Schemes. The Committee are of the view that such a system would not only

prevent loss of interest on ACA due to indeterminate parking of funds but also enable the Ministry to keep track of the progress of the projects and manage the flow of funds accordingly. Noting the huge number of ongoing projects of JNNURM, the Committee recommend the Ministry to closely monitor the progress of these projects and ensure completion within the prescribed time. The Committee also desire that in all future Schemes, responsibility may be fixed and stringent punishment may be imposed for financial mismanagement and indiscriminate delays in the implementation of projects.

(Recommendation Para No.30)

### **STRONG MONITORING SYSTEM**

33. In their 18<sup>th</sup> Report the Committee noted that the condition of development of a municipal life, the type of municipalities and management needed in the North Eastern and the Himalayan States were very much different from those in the plains and the economically advanced States. The MoUD had also admitted that most of the municipalities in the North Eastern or the Himalayan States had been formed very recently and were still learning and comparatively more depended on the State Governments. In comparison, the municipalities in more developed States like Gujarat, Maharashtra and Andhra Pradesh were formed long back and had evolved over time and gained competence in managing municipal affairs on their own. Accordingly, JNNURM had considered bracketing the North Eastern and the Himalayan States under Special Category and relaxed some norms for achieving reforms. For example, cities in these States had to recover only 50 percent of Operation and Maintenance charges as compared with 100 percent cost recovery mandated for the rest of Mission Cities. Further, as per the Government decision of 31<sup>st</sup> May 2012, achievement of reforms was delinked for ongoing UIDSSMT projects in North Eastern States and Jammu and Kashmir. While welcoming such initiatives, the Committee desired the Ministries concerned to have a different system for North

Eastern and Himalayan States in implementing a scheme like JNNURM so as to provide a level playing field for these backward States.

34. The Ministry of Urban Development in their Action Taken Note have stated as under:-

"JNNURM has ended on 31.03.2014. The MoUD has now launched the new Scheme "AMRUT". JNNURM has been subsumed in the said Scheme. It has now been decided to extend support to projects sanctioned before 31.03.2012 subject to 50% physical and financial progress and also the transition phase projects till 31.03.2017. Detailed instructions regarding coverage of incomplete projects of JNNURM, to be covered under AMRUT, will be issued separately by MoUD."

35. In their updated Action taken note the Ministry further stated as under:-

"The funding pattern under AMRUT has been approved by the Cabinet which is applicable to all States / UTs."

36. The Committee note that the Ministry have launched a new Scheme 'AMRUT' and that JNNURM, which was extended till March, 2014, has been subsumed into the new Scheme. The Committee urge the Ministry to pursue the States to make all efforts to ensure completion of all pending JNNURM projects within the extended period. The Committee also view that the geographical bottlenecks and the harsh terrain of these States and the inferior or limited connectivity need to be taken into account while formulating the developmental guidelines and reforms for the North Eastern and Himalayan States. In view of these shortfalls, certain concessions/ relaxations need to be made in respect of these States. The Committee, therefore, desire that the Ministries concerned formulate a different framework/ system for North Eastern and Himalayan States in implementing the new Scheme not only to provide a level playing field but also ensure completion of projects within the

prescribed period. The Committee desire that the Ministry take necessary action to this effect and apprise the Committee of the same.

NEW DELHI;  
16 November, 2016  
25 Kartika, 1938(Saka)

PROF. K.V. THOMAS,  
Chairperson,  
Public Accounts Committee.



(APPENDIX – II)

(Vide para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR EIGHTEENTH REPORT (SIXTEENTH LOK SABHA)

- |  |                                   |
|--|-----------------------------------|
| (i) Total No of Observations/Recommendations   | - 31                              |
| (ii) Observations/Recommendations of the Committee which have been accepted by the Government:   | - Total: 27<br>Percentage -87.10% |
| <i>Para Nos. 1-5, 7-17, 19-24, 27- 31</i>  |                                   |
| (iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:                | - Total: Nil<br>Percentage - 0%   |
| <i>-Nil-</i>   |                                   |
| (iv) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration: | - Total: 04<br>Percentage- 12.90% |
| <i>Para Nos. 6, 18, 25 and 26</i>  |                                   |
| (v) Observations/Recommendations in respect of which Government have furnished interim replies:  | - Total: Nil<br>Percentage - 0%   |
| <i>-Nil-</i>   |                                   |