

THIRTY – SIXTH REPORT

**STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(2002)**

(THIRTEENTH LOK SABHA)

**MINISTRY OF URBAN DEVELOPMENT
AND POVERTY ALLEVIATION**

**(DEPARTMENT OF URBAN EMPLOYMENT AND
POVERTY ALLEVIATION)**

***DEMANDS FOR GRANTS
(2002-2003)***

Presented to Lok Sabha on 24.4.2002

Laid in Rajya Sabha on 24.4.2002

**LOK SABHA SECRETARIAT
NEW DELHI
*April, 2002/Vaisakha, 1924 (Saka)***

CONTENTS

Composition of the Committee

ABBREVIATIONS

INTRODUCTION

REPORT

- | | |
|-------------|---|
| CHAPTER I | Introductory |
| CHAPTER II | An overall analysis of Demands for Grants for the year 2002-2003 |
| CHAPTER III | Urban Poverty Alleviation Programme |
| CHAPTER IV | Slum Development Programme
(a) National Slum Development Programme (NSDP)

(b) Valmiki Ambedkar Awas Yojana (VAMBAY) |
| CHAPTER V | Night Shelter and Sanitation facility for Urban Footpath Dwellers |
| CHAPTER VI | Urban Housing |

Statement of observations/recommendations

**COMPOSITION OF THE STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT (2002)**

Shri Anant Gangaram Geete - Chairman

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- | | | | |
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| 2. | Shri S.C. Rastogi | - | Joint Secretary |
| 3. | Shri K. Chakraborty | - | Deputy Secretary |
| 4. | Shrimati Sudesh Luthra | - | Under Secretary |
| 5. | Shri N.S. Hooda | - | Assistant Director |

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- \$ Retired from the Committee consequent upon his retirement from Rajya Sabha on 2.4.2002
* Retired from the Committee consequent upon his retirement from Rajya Sabha on 9.4.2002
@ Retired from the Committee consequent upon his retirement from Rajya Sabha on 12.4.2002

ABBREVIATIONS

ACA	-	Additional Central Assistance
BE	-	Budget Estimate
BMTPC	-	Building Material and Technology Promotion Council
BPL	-	Below Poverty Line
CBO	-	Community Based Organisation
DUs	-	Dwelling Units
DUDA	-	District Urban Development Agency
DWCUA	-	Development of Women and Children in Urban Areas
EWS	-	Economically Weaker Section
HIF	-	Housing Finance Institution
HUDCO	-	Housing and Urban Development Corporation
IIPA	-	Indian Institute of Public Administration
LIG	-	Low Income Group
MIS	-	Management Information System
NGO	-	Non-Governmental Organisation
NHB	-	National Housing Bank
NP	-	Non Plan
NSDP	-	National Slum Development Programme
RE	-	Revised Estimate
SGSY	-	Swarnjayanti Gram Swarozgar Yojana
SJSRY	-	Swarna Jayanti Shahari Rozgar Yojana
SUDA	-	State Urban Development Agency
UCs	-	Utilisation Certificates
UEPA	-	Urban Employment and Poverty Alleviation
UI	-	Urban Infrastructure
UNCHS	-	United Nations Centre for Human Settlements
UPA	-	Urban Poverty Alleviation
USEP	-	Urban Self Employment Programme
UTs	-	Union Territories
UWEP	-	Urban Wage Employment Programme

INTRODUCTION

I, the Chairman of the Standing Committee on Urban & Rural Development (2002) having been authorised by the Committee to submit the Report on their behalf, present the Thirty Sixth Report on Demands for Grants (2002-2003) of the Department of Urban Employment and Poverty Alleviation (Ministry of Urban Development and Poverty Alleviation).

2. Demands for Grants 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 Department of Urban Employment and Poverty Alleviation (Ministry of Urban Development and Poverty Alleviation) on 4th April, 2002.

4. The Report was considered and adopted by the Committee at their sitting held on 17th April, 2002.

5. The Committee wish to express their thanks to the officials of the Department of Urban Employment and Poverty Alleviation (Ministry of Urban Development and Poverty Alleviation) for placing before them the requisite material and their considered views in connection with the examination of the subject.

6. 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.

*NEW DELHI;
23 April, 2002
3 Vaisakha, 1924 (Saka)*

*(ANANT GANGARAM GEETE)
Chairman,
Standing Committee on Urban
and Rural Development*

CHAPTER I

INTRODUCTORY

1.1 The Department of Urban Employment and Poverty Alleviation deals with two major areas namely (i) Urban Employment and Poverty Alleviation; and (ii) Housing and Human Settlements.

1.2 The functions of the Department include formulation of housing policy and programme (except rural housing), review of the implementation of the Plan schemes of urban employment and poverty alleviation and housing, collection and dissemination of data on housing, slum development, building materials and techniques, reduction of building costs and nodal responsibility for National Housing and Habitat Policy. Human Settlements including the United Nations Commission for Human Settlements, International Cooperation and Technical Assistance in the fields of Housing and Human Settlements also form part of the functions.

1.3 The Department also have the administrative control of Public Sector Undertakings, namely, Housing and Urban Development Corporation Ltd. (HUDCO) and Hindustan Prefab Limited (HPL). National Buildings Organisation is an attached office under the administrative control of the Department.

1.4 In the present Report, the Committee have examined the implementation of Centrally sponsored scheme for urban poverty alleviation, Swarna Jayanti Shahari Rozgar Yojana (SJSRY), Night Shelter and sanitation facilities for Urban Footpath Dwellers and Housing in the context of the budgetary allocation for the year 2002-2003.

CHAPTER II

Over all analysis of Demands for Grants (2002-2003)

2.1 Budget at a Glance

	Revenue	Capital	(Rs. in crore) Total
Charged	--		
Voted	420.72	221.25	641.97

2.2 Budget of the Department of Urban Employment and Poverty Alleviation comprises of one Demand for Grants i.e. Demand No.85.

2.3 The overall Budget Estimates for the year 2002-2003 are for Rs.641.97 crore (Gross) both for plan and non-plan. The respective provisions on the Revenue and Capital sides are Rs.420.72 crore and Rs.221.25 crore respectively. The relevant break-up of plan and non-plan provision is Rs.625.00 crore and Rs.16.97 crore.

2.4 The comparative Budget allocations indicating BE, RE and actuals for each year of the Department during 1999-2000 to 2001-2002 and BE of 2002-2003 are given in *Appendix I*. Besides, the position scheme-wise has been indicated in *Appendix II*. While analysing the data as given in the above mentioned appendices, the conclusions drawn are as below :

- (i) there is underspending of Rs.445.17 crore during 9th Plan;
- (ii) there is variation between BE & RE during 1999-2000, 2000-2001, 2001-2002;
- (iii) there is underspending of Rs.4.29 crore if actuals 2000-2001 are compared to RE of that year. But if compared to BE, the underspending amounts to Rs.111.79 crore.
- (iv) the actual expenditure during the year 2001-2002 (upto February, 2002) is around 16.88% of that of BE of that year;
- (v) BE 2002-2003 is around double of BE 2001-2002;
- (vi) Under the plan schemes the actual expenditure during 2001-2002 is around 20% upto February, 2002 whereas under non-plan schemes, the expenditure is around half of the allocation; and
- (vii) During 2001-2002 there is an increase of Rs. 2.95 crore at RE stage under non-plan head of the Department whereas under the plan schemes there was a cut of Rs.50 crore.

2.5 When asked about the reasons for variations in Budget allocations in BE 2001-2002, RE 2001-2002 and BE 2002-2003, the Department has stated that the increase of 100.84% in BE 2002-2003 over BE 2001-2002 is mainly due to the provision of Rs.256.85 crore for Valmiki Ambedkar Awaas Yojana (VAMBAY) launched during the year 2001-2002, and the sharp decrease in the requirements of funds in RE 2001-2002 over BE 2001-2002 is mainly because of the lower requirement of the funds under the scheme of SJSRY which is Rs.45.50 crore as against provision of Rs.168.00 crore at BE stage. The funds allocated at BE stage could not be utilised and the States/Uts have unspent balances from the old UPA programmes. In addition, absence of utilisation

certificates and States' share are other factors affecting releases to the States. A sum of Rs.69 crore is also made available for the Scheme of VAMBAY launched during the year.

2.6 The analysis of the data, as given in the preceding para of this report, indicates a very sorry state of affairs of various schemes/programmes of the Department. During 9th Plan around 30% of the outlay remained unspent. There are huge cuts at RE stage. Further disturbing is the fact that whatever is made available at RE stage could not be utilised fully. The Committee have repeatedly been drawing the attention of the Department towards this sorry state of affairs, yet the position has worsened last year whereby only 20% of the outlay could be spent.

2.7 The Committee are further disturbed to note the reply of the Department that the underspending during 2001-2002, is due to the lower requirement under SJSRY. While the detailed scheme-wise analysis has been done in the succeeding paras of the report, as regards the overall position, the Committee find from Appendix II, that the situation is further alarming in other schemes of the Department too. Under Equity to HUDCO, only 30% of outlay could be utilised, whereas under Night Shelter Scheme and North Eastern areas Scheme 100% of the outlay remained unspent.

2.8 The Committee note that the Department deals with various schemes meant for providing employment and housing to below the poverty line people. The lackadaisical approach of the Department towards such a priority programme is resulting in depriving the urban poor from their benefits for no fault on their part. The Committee strongly recommend that the various issues resulting in such a dismal performance, should be probed urgently and the Committee apprised accordingly. The Committee are also of the considered view that an urgent action is required on the part of the Union Ministry/Department to arrest the trends of lower utilisation of outlay and reduction of allocation at RE stage.

2.9 The Committee are disturbed to note the comparative position of spending under plan and non-plan heads. Whereas 20% of outlay under plan head could be utilised during 2001-2002, the position of spending under non-plan head was of 50%. They feel that the spending under the non-plan head should be commensurate with the spending under the plan head and the spending on establishment etc., should result in proper implementation of programmes/schemes of the Department.

CHAPTER III

Urban Poverty Alleviation Programme

(i) Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

All the three Urban Poverty Alleviation Schemes, namely Urban Basic Services for the Poor(UBSP), Nehru Rozgar Yojana (NRY) and Prime Ministers Integrated Urban Poverty Eradication Programme (PMI UPEP) stand subsumed in the new scheme namely Swarna Jayanti Shahari Rozgar Yojana (SJSRY) with effect from 1st December, 1997. The scheme seeks to provide gainful employment to the urban unemployed or under employed through encouraging, setting up of self employment ventures or provision of wage employment. This programme relies on creation of suitable community structures and delivery of inputs through the medium of urban local bodies. The SJSRY is funded on a 75:25 basis between Centre and the States.

3.2 The SJSRY consists of two special schemes, namely :-

- I. The Urban Self Employment Programme (USEP)
- II. The Urban Wage Employment Programme (UWEP)

I. The Urban Self Employment Programme (USEP)

3.3 This programme has three components:-

- (i) Assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures.
- (ii) Assistance to groups of urban poor women for setting up gainful self-employment ventures. This sub-scheme has been titled as “The Scheme for Development of Women and Children in the Urban Areas (DWCUA)”.
- (iii) Training of beneficiaries, potential beneficiaries and other persons associated with the urban employment programme for upgradation and acquisition of vocational and entrepreneurial skills.

Coverage

3.4 (i) The programme is applicable to all urban towns in India. (ii) The programme is implemented on a whole town basis with special emphasis on urban poor clusters.

Target groups

3.5 The programme targets the urban poor, defined as those living below the urban poverty line, as defined from time to time. Special attention is given to women, persons belonging to Scheduled Castes/Tribes, disabled persons and other such categories as may be indicated by the Government from time to time. The percentage of women beneficiaries under this programme shall not be less than 30%. SCs and STs must be benefitted at least to the extent of the proportion of their strength in local population. A provision of 3% shall be reserved for the disabled under this programme.

3.6 There is no minimum education qualification for beneficiaries under this programme. However, this scheme is not applied to beyond IXth standard.

3.7 A house to house survey for identification of genuine beneficiaries has been done. Non-economic parameters are also applied to the urban poor in addition to the economic criteria of the urban poverty line.

3.8 All other conditions being equal, women beneficiaries belonging to women-headed household, viz. widows, divorcees, single women of even households, where women are the sole earners, are ranked higher in priority.

3.9 **Salient Features of USEP**

(A) Setting up Micro – Enterprises and Skill Development

Maximum unit cost	=	Rs.50,000.
Subsidy	=	15% of the project cost subject to a maximum ceiling of Rs.7,500.
Margin money to be contributed by the beneficiaries	=	5% of the project cost.

(B) Training and Infrastructure Support

Training cost per person	=	Rs.2000
Training period	=	Two to six months subject to a minimum of 300 hours.
Tool kit worth	=	Rs.600

Development of Women and Children in Urban Areas (DWCUA)

3.10 DWCUA aims at helping groups of urban poor women in taking up self – employment ventures. The group may consist of at least 10 women. The ceiling of subsidy under the scheme is Rs.1.25 lakh or 50% of the cost of the project whichever is less. Where the group sets itself up as Thrift and Credit Society, in addition to its self employment venture, it will be eligible for an additional grant of Rs.25,000 as revolving fund at the rate of Rs.1,000 maximum per member. The fund is meant for purpose like purchases of raw materials and marketing, infrastructure support, one time expense on child care activity, expenses upto Rs.500 on travel cost of group members to Bank, payment of insurance premium for self/spouse/child by maintaining savings for different periods by a member and any other expense allowed by the State in Group's interest. The revolving fund can be availed by a Group only after one year of its formation.

The Urban Wage Employment Programme (UWEP)

3.11 This programme seeks to provide wage employment to beneficiaries living below the poverty line within the jurisdiction of urban local bodies by utilising their labour for construction of socially and economically useful public assets. Under the programme, there are no restrictions on educational qualification.

3.12 This programme applies to urban local bodies, having population less than 5 lakh as per the 1991 census.

3.13 The material labour ratio for works under this programme is to be maintained at 60:40. The prevailing minimum wage rate, as notified from time to time for each area, has to be paid to beneficiaries under this programme.

3.14 The programme is dovetailed with the State sector EIUS scheme as well as the NSDP. This programme is not designed to either replace or substitute the EIUS, the NSDP, or any other State sector schemes.

Information, Education and Communication (IEC) and Community Structure Components

3.15 With a view to play an effective role in coordination and organizing training, monitoring, evaluation, dissemination of information etc. a new component of IEC has been evolved under SJSRY. It is proposed to have a coordinated and uniform level of training across the country for training of trainers, elected representatives, functionaries of Urban Local Bodies and field functionaries like Project Officers, Community Organizers etc. through National Training Institutes and selected State Training/Field Training Institutes.

3.16 Under SJSRY, Community Structure is created in all the urban towns of the country. The State Governments have taken action to set up community structures, create Community Development Societies (CDSs) and form Thrift & Credit Society etc.

Targets

3.17 No physical targets have been fixed and this matter has been left to be decided by State Governments in conformity with the guidelines of the scheme and result of beneficiary survey. This has been done to ensure adequate flexibility of operation of the scheme.

Allocation of funds under SJSRY

3.18 The SJSRY was launched with effect from 1st December, 1997. Total outlay for the scheme during the Ninth Five Year Plan is Rs.1009 crore. Year wise outlay during that period is as under :-

(Rs. in crore)

Year	Allocation at B.E. stage	Actual Expenditure	Underspensing
1997-98	188.00	102.51	85.49
1998-99	188.50	162.29	25.71
1999-2000	180.65	123.00	57.65
2000-2001	168.00	85.91	82.09
2001-2002	168.00	7.33 (upto 31.1.2002)	160.67
Total allocation during Ninth Plan	898.15	481.04	417.11

Tenth Plan allocation	1200.00		
BE- 2002-2003	105.00		

3.19 When asked about the reasons for low level of release of funds as against allocation at BE stage, the Department has stated that the allocated funds could not be utilised fully since the releases were performance based and the States/Uts are having unspent balance from the old UPA programmes. Since the States / Uts had a large amount of unspent balances from the old UPA programmes, lesser amount of releases were proposed. The Planning Commission accordingly provided reduced allocations. The main reason for variation in BE and RE during the year 2001-2002 is because of the economy cut imposed by the Ministry of Finance and transfer of funds from SJSRY to Valmiki Ambedkar Awaas Yojana (VAMBAY) a newly launched programme.

3.20 When asked about the progress of the scheme, the Department stated that though the progress of the scheme was relatively slow during the initial stages, but it has now picked up the momentum due to vigorous monitoring at the central level and the unspent balance of old UPA Programmes which was subsumed in SJSRY has also come down from Rs.562 crore to 325 crore. The main problem faced is inability of Banks to support the self-employment component of the scheme. The position of State share released by the respective State Government since 1st December, 1997 to 28th February, 2002 is given at *Appendix III*. It could be seen that the total allocation by States was Rs.159.88 crore and there was a short fall of Rs.13.69 crore.

3.21 When asked for the justification of allocating Rs.1200 crore during 10th Plan, against the actual allocation (BE) of Rs.898.15 crore during Ninth Plan, the Department has submitted as under:-

The projections for the 10th Plan are made after giving the normal step-up over the 9th Plan. This proposed outlay for 10th Plan may, however, be optimistic, keeping in mind States performance in utilizing the funds in the 9th Plan, and the huge unspent balance still available with State Governments in which utilization certificates are still to be furnished.

3.22 When asked whether the Government is satisfied about the performance of SJSRY, it is stated that they are not fully satisfied with the performance of SJSRY. The main reasons for the non-cooperation of Banks towards self-employment component of SJSRY are problems faced by them in the recovery of loans from beneficiaries, guarantee factor, viable projects and increase in debt.

3.23 Further, when asked for the steps taken by the Department to reduce the unspent balance, the Secretary, during the course of oral evidence, stated that they had conducted ten sittings and the main lacuna found is the inability and unwillingness of Banks. They are prepared to revise the scheme in consultation with States Governments. Presently, the educational qualification is upto Class IX and now they have proposed relaxation. Besides, the training component is also being strengthened.

3.24 The Secretary further stated during the course of oral evidence stated that initially, it was tentatively indicated by the Planning Commission that the scheme might

be transferred to the State Governments. The position has been reversed now and the scheme will not be transferred to the States.

3.25 As regards the steps taken to improve the performance of Banks, he stated that they are thinking of not depending upon Banks. They are now completely revising the scheme and it will come with in a few months.

3.26 As per the information made available to the Committee during oral evidence, decadal growth rate of population (1991-2000) is 31.20% for urban areas and 17.9% for rural areas.

Role of NGOs

3.27 When asked whether the Government have maintained any information regarding the specific role of NGOs in the different components of SJSRY, the Department has stated that no such information is maintained since NGO's involvement is indirect and State Government can associate them in accordance with their requirement.

3.28 The Committee regret to note that almost 50% of what was allocated during 9th Plan remained unspent. The situation is further alarming as the position of utilisation of outlay is less than 50% during 2002-2003. Even after four years since the restructured SJSRY was launched, the Department could utilise only Rs.237 crore out of Rs.562 crore of unspent balance under the old UPA programme. In spite of this sorry state of affairs, the Department feels that the Yojana has gained momentum.

3.29 The Committee find that as per the urbanisation scenario, presented before the Committee, the decadal growth rate of population (1991-2001) in urban areas was 31.25%, whereas in rural areas it was 17.9%. They also note that SJSRY is the only employment programme meant for urban poor. In spite of big challenges before the Government, nothing concrete has been done. The erstwhile programme Nehru Rozgar Yojana was not working well and was restructured during 9th Plan as SJSRY. Now again the programme is not working well and at one stage it was decided to transfer it to State Governments. But finally now the Yojana is again being restructured. Banks are non-cooperative and finally it has been decided to manage without Banks.

3.30 In the scenario as depicted above, the Committee have no option but to conclude that there has been dismal failure of the Government in implementing the only employment programme meant for urban poor. It is gathered that the Union Government seems helpless, the State Governments are not enthusiastic, and Banks have their own reservations due to unviable projects, guarantee problems and increase in debt. The Committee deplore the casual attitude of the Government in handling the various issues and planning for such an ambitious programme. They find that the position of a similar programme SGSY, in rural areas is not so bad. During the field visits to different parts of the country in the rural areas, the Committee have found that the group approach is working well in many States. Certain groups formed under SGSY are doing extremely well and the Commercial

Banks are enthusiastic and keen in advancing loans to such groups. They strongly recommend that instead of doing away with Banks in the restructured programme of SJSRY, the Department should take the corrective steps to plug the various lacunae noticed in the implementation of the Yojana. Besides, they should also motivate State Governments, Urban Local Bodies and Banks to come forward in this regard. Once the implementation of the programme is improved and viable projects are set up, the willingness of Banks would automatically follow.

3.31 The Committee hope that the SJSRY is restructured expeditiously and all the loopholes in the implementation of SJSRY are plugged in the restructured programme. They also emphasise that the various recommendations made by the Committee in their earlier reports on the subject should also be taken into consideration while revising SJSRY.

Physical Progress under SJSRY

3.32 Under Swarna Jayanti Shahari Rozgar Yojana (SJSRY) the targets are left to be decided by the State Governments in accordance with the guidelines of the Scheme and the results of the beneficiary survey.

3.33 As regards the position of house to house survey, it is stated by the Department that house to house surveys have been conducted in almost all the States/Uts leaving a balance of 217 towns. Out of these 217 towns, 200 towns are from the States of Bihar, Jammu & Kashmir and Jharkhand. In the case of Bihar, out of 133 towns, the survey has been done in only 16 towns as per the last progress report received from the State Government for the quarter ending September, 1999.

3.34 The physical progress reported by the States upto 31st December, 2001 is given as under:

	<u>Community Structures</u>	
(a) No. of Urban poor identified under the Scheme	-	294.97 lakh
(b) No. of house to house survey conducted in towns	-	3,486 towns
(c) No. of Community Development Society formed	-	6,105

Urban Self Employment Programme (USEP) & Development of Women and Children in Urban Areas (DWCUA)

(a) No. of beneficiaries assisted to set up micro Enterprises	-	3,42,949
(b) No. of DWCUA groups formed	-	19,730
(c) No. of women beneficiaries assisted under DWCUA groups to set up Community Self Employment Ventures	-	3,38,375
(d) No. of persons trained for skill upgradation	-	3,43,655
(e) No. of Thrift & Credit Societies formed	-	72,805

Urban Wage Employment Programme (UWEP)

(a) No. of mandays of work generated	-	380.23
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3.35 When asked for the data of defunct groups, the Department has stated that no such information is being monitored by the Department.

3.36 The State-wise information in respect of performance of DWCUA in each of the States/UTs is given at *Appendix IV*. It could be seen therefrom that the number of beneficiaries assisted under SJSRY was more in States like Andhra Pradesh, Karnataka, Kerala, Madhya Pradesh and Orissa. Whereas in 13 States, UTs the position was nil. Jharkhand has not reported the position.

The role of Urban Local Bodies

3.37 State Urban Development Agencies (SUDAs) are the implementing agencies in the States which involve the ULBs appropriately and within the parameters of SJSRY guidelines in activities such as house-to-house survey to identify beneficiaries as also in the setting up of Community Structures.

Further, when asked whether the urban local bodies are facing any problem in conducting house to house survey for identification of beneficiaries, it is submitted by the Department that the urban local bodies do not have the specialized officials/staff to conduct such surveys. However, they have the flexibility to involve the NGOs.

The objective of SJSRY

3.38 One of the primary objective of SJSRY is to bring the people above poverty line. When asked whether the Government have ever tried to follow the programme in line with its main objective so as to bring the person above poverty line, the Department in the written note submitted that SJSRY is a poverty alleviation programme not a poverty elimination programme and it is being implemented through meagre financial and physical resources. Efforts are being made to provide employment to the urban poor below poverty line through USEP and UWEP components of the programmes. Unless the economy picks up, growth and employment opportunities are created, it will be difficult to bring all the BPL population above the poverty line. However, according to NSSO (55th round) 30 day recall period the urban poverty ratio has come down from 32.4 in 1993-94 to 23.6% in 1999-2000. The number of urban poor below poverty line has also come down from 76.3 million to 67.1 million during this period.

When asked whether there is any provision for providing double assistance to a beneficiary to enable him to come above the poverty line, the Department stated that as per the guidelines there is no such bar.

3.39 The Committee find that as per the latest position with regard to house to house survey indicated in the written note submitted by the Department, the survey in 217 towns is yet to be completed. They further note that the Department while presenting data in respect of Demands for Grants 2001-2002, had given the said data as 216. Besides, in the latest replies, it has been mentioned that in Bihar, out of 133 towns, the survey has been done in only 16 towns, whereas last year, it was stated that out of 170 towns, the survey was completed in 12 towns {refer Para 2.32 of 24th Report (13th Lok Sabha)}. The Committee deplore the way the Department is furnishing the data without verifying the actual position in the field. They would like the Department to explain the above mentioned anomalies. Besides, as the

Committee observe that they depending upon the information furnished by the Department in analysing its Demands for Grants and making their conclusions/recommendations, they urge that utmost care should be taken to verify the accuracy of the data being furnished to them, in future, to enable the Committee to arrive at the right conclusion.

3.40 Even after four years, when restructured SJSRY was launched, house-to-house survey is yet to be completed. The situation in Bihar is worst. The Committee in their 24th Report, (13th Lok Sabha) had requested the Department to take the desired steps to encourage the States, complete this survey, where the performance of the Yojana is worst, particularly in Bihar. The Committee would like to be apprised of the steps taken by the Department in this regard.

3.41 While analysing the State/Ut-wise data of the beneficiaries assisted under SJSRY, the Committee find that in some of the States like Andhra Pradesh, Karnataka, Kerala, Madhya Pradesh and Orissa, the number of beneficiaries assisted is quite good. The Committee would like that the States who are not performing well should be apprised of the success stories of the other States so as to motivate them to implement the Yojana more vigorously.

3.42 The Committee further note that the main objective of SJSRY is to bring BPL persons above the poverty line, but the Department has not bothered to analyse the Yojana in that perspective. The Committee unhappy to note the reasoning given by the Department to cover up their failure. After five decades of independence, there are still bulk of people below poverty line. If the Department is serious enough in the process of the implementation of the programme, poverty can be diminished considerably by eliminating the BPL, by gradually bringing them to APL status. They are thus not inclined to accept the reasoning given by the Department that SJSRY is a poverty alleviation programme and not a poverty elimination programme. The Committee, therefore, strongly recommend that it should be ensured that the persons assisted under the programme are able to cross the poverty line even by providing the multi doses of assistance and the Department should monitor the data in this regard in line with the set objective of the Yojana.

3.43 The Committee find that one of the component of SJSRY is Infrastructure, Education and Communication and Community structure, whose objective is to have a coordinated and uniform level of training across the country for training of trainer, elected representative, functionaries of Urban Local Bodies and field functionaries, etc. In spite of that, Urban Local Bodies are facing the problem of having specialised officers/staff to conduct house-to-house survey. The Committee would like to be apprised of the details of the outlay earmarked, spent and the number of persons assisted under IEC since SJSRY is in existence. They strongly recommend that more stress should be given on the training, as it is the necessary prerequisite for the successful implementation of any programme.

Monitoring/Evaluation of SJSRY

3.44 The Scheme is being monitored through quarterly progress reports and periodical review meetings held under the Chairmanship of Minister/Secretary of the Ministry. States/Uts monitor the Scheme through State Level Monitoring Committees. Close monitoring of the Scheme is done through the MIS reports, periodic reviews and field visits to assess the performance as also to keep a watch on the actual expenditure being incurred of funds released to the States/Uts.

3.45 Indian Institute of Public Administration (IIPA) has concluded concurrent evaluation of SJSRY in four States of Andhra Pradesh, Karnataka, Madhya Pradesh and West Bengal and submitted its report during August, 2001. The recommendations of IIPA are being examined in consultation with the concerned State Governments and view on the same will be finalised soon.

3.46 When asked about the problems being faced by the States/Uts in implementing the Scheme, the Ministry stated that the States had suggested for revision of the SJSRY guidelines in regard to the inter-component diversion, enhancement of educational qualification of beneficiaries, enhancement of subsidy, elimination of margin money, enhancement of training cost, enhancement of funds under A&OE, reduction in duration of the training period etc. since they had been experiencing difficulties in the implementation of the scheme.

3.47 On the revision of guidelines of the Scheme the Ministry stated that the revision of SJSRY guidelines is at the advance stage of finalisation. On the suggestion of Ministry of Finance, EFC Memo has been prepared and circulated to all the concerned Ministries/Departments to seek their comments. Secretary (Expenditure) has also been requested to intimate suitable date and time to hold the EFC Meeting.

3.48 While noting that the revision of SJSRY guidelines is at an advance stage of finalisation, the Committee request the Department to have close coordination and consultation with the States, Urban Local Bodies, and all involved in the implementation of the Yojana. Besides, the findings of IIPA's concurrent evaluations and the recommendations made by this Committee in their respective reports should also to be taken into consideration while revising SJSRY guidelines. Proper home work should be done before revising the guidelines so that the revised programme is realistic, workable and does not meet the fate of erstwhile NRY.

CHAPTER IV

Slum Development Programme

A. National Slum Development Programme

4.1 The National Slum Development Programme (NSDP) was inaugurated and launched by the Prime Minister in August, 1996 at Kanpur in (U.P.). Under National Slum Development Programme, Additional Central Assistance (ACA) is being released to States/Uts for the development of urban slums. The objective of this programme is to provide adequate and satisfactory water supply, sanitation, primary education facilities, health care, pre-primary, adult literacy and non-formal education facilities etc. The scheme also envisages provisions of shelter upgradation, community empowerment, garbage and solid waste management, as well as improvement and convergence of different social sector programmes through creation of sustainable support systems. The focus will be on community infrastructure, provision of shelter, empowerment of urban poor women, training, skill upgradation and advocacy and involvement of NGOs, CBOs, private institutions and other bodies.

4.2 Under the scheme, Planning Commission allocates the funds to States/Uts annually and Ministry of Finance releases it to States. The States further diversify the funds within the States as per their requirement. Ministry of Urban Development has been nominated as Nodal Ministry to monitor the progress of the scheme. Ministry of Urban Development prepared revised guidelines in the month of December, 1997 and circulated to all States/Uts.

4.3 During the years 1996-97, 1997-98, 1998-99, 1999-2000 and 2000-01 Rs.250.01 crore, Rs.290.99 crore, Rs.353.57 crore, Rs.391.90 crore and Rs.241.53 crore respectively were released by the Central Government to States/Uts.

4.4 For the year 2001-2002, out of Rs.385.00 crore allocated by the Planning Commission, an amount of Rs.83.69 crore has been released upto 1.1.2002 so far to the States by the Ministry of Finance. As reported by the States/Uts, since inception of the scheme and upto 1st January, 2002, out of the total funds of Rs.1610.17 crore released by the Central Government, an amount of Rs.966.71 crore has been utilised and about 3.13 crore of people have been benefited by this programme.

4.5 Registrar General of India has for the first time made a survey about the slum population in the country in Census 2001. The total slum population according to their survey is 4.06 crore as reported from only 607 towns/cities all over India. These 607 towns/cities are those towns which have population of more than 50,000 as per 1991 Census.

4.6 Asked what steps are contemplated by the Government during the 10th Plan to solve the problem of slums in the country, the Ministry replied as follows:

“The Government have come up with a comprehensive and integrated three pronged strategy to solve the problems of slums in the country *viz.* providing basic infrastructural facilities through National Slum Development Programme (NSDP), providing housing and sanitation through VAMBAY and providing employment to the

urban poor through urban employment generating scheme under Swarna Jayanti Shahari Rozgar Yojana (SJSRY). The Working Group on Tenth Five Year Plan for Urban Housing, Urban Slums and Urban Poverty Alleviation set up by the Planning Commission had recommended an allocation of Rs.5,000 crore for NSDP and VAMBAY each.”

4.7 The Ministry further stated that they have prepared a draft National Slum Policy. The Draft Policy was circulated to all the States/Uts concerned Ministries, Planning Commission and NGOs for their comments. Most of the States/Uts have furnished their comments on the Draft Policy and the Policy is being finalised.

4.8 The Committee for the last three years have repeatedly been highlighting in their respective reports about the lack of coordinated approach by the Government with regard to complex arrangement of implementation, funding and monitoring of NSDP by different Ministries/Departments. In spite of that, there has not been any marked improvement in their approach. The Committee are concerned and would like the Government to ponder over it. The Committee also fail to understand how the Department of Urban Employment and Poverty Alleviation could be expected to monitor a programme over whose finances they have virtually no control. The Committee feel that their recommendation in this regard has not been taken seriously and the Government has failed to act on it. While such casual approach of the Government towards such a serious issue cannot be taken lightly, the Committee would like the Government to reply categorically over their failure on the ameliorative action contemplated for future in this regard.

4.9 The Committee are concerned to find that around 40% of the outlay earmarked under NSDP during 9th Plan remained unspent. They are equally disturbed to note the lowering of allocation under NSDP since 2000-2001, as compared to previous years. While appreciating the fact that Planning Commission has allocated Rs.5,000 crore for NSDP during 10th Plan, the Committee impress upon the Department to prepare an action plan in consultation with State Governments and Urban Local Bodies so that the scarce resources are meaningfully utilised.

4.10 The Committee further note that the Registrar General of India has made a survey about the slum population in the country in census 2001 according to which the total slum population in cities having more than 50,000 population is 4.06 crore. The Committee would like to be apprised of the city-wise details in this regard. Besides, they would like that similar survey in respect of other cities, having less than 50,000 population, is also carried out and the Committee apprised accordingly.

4.11 The Committee find that during Ninth Plan, total funds released were to the tune of Rs.966.71 crore and 3.13 crore of people were benefitted by the programme. By going through the above data, the Committee find that per capita benefit during 5 years comes to Rs.300 per person. They fail to understand how far the meagre allocation of Rs.300 per person could have helped the urban slum dwellers to improve their living conditions. In view of this, the Committee strongly recommend to analyse the impact of the programme by conducting an independent

survey and apprise the Committee accordingly. They also desire that instead of spreading the resources so thinly, the thrust should be to cover the selected cities/towns, within the allocation provided and ensure the qualitative improvement in the living condition of slum dwellers of that area.

4.12 The Committee note that the Government have come up with a comprehensive and integrated three pronged strategy to solve the problems of the slums during the 10th Five Year Plan. While the Committee appreciate such move, it is emphasised that the programme should be realistic, practical and result oriented and does not remain confined to papers only. The Committee would like to be apprised about further details in this regard. The Committee also note that the Draft Slum Policy is under finalisation with the Department. They hope that it is finalised expeditiously.

B. Valmiki Ambedkar Awas Yojana (VAMBAY)

4.13 There is at present no housing scheme in the Central Sector for the urban poor. There are two Central Sector programmes targeted towards the urban poor, namely the SJSRY and the NSDP. The SJSRY attempts to provide employment in order to bring the urban poor above the poverty line while NSDP is basically a programme for the environmental improvement of urban slums. The urban poverty alleviation strategy is incomplete without a significant component pertaining to housing delivery for the slum dwellers.

4.14 In order to fill this gap, in a major policy initiative to ameliorate the conditions of the urban slum dwellers living below poverty line, Prime Minister of India announced a newly Centrally Sponsored Scheme called Valmiki Ambedkar Awaas Yojana (VAMBAY) on the 15th August, 2001. The objective of VAMBAY is primarily to provide shelter or upgrade the existing shelter for people living below poverty line in urban slums in a march towards the goal of slumless cities with a healthy and enabling urban environment. Another very important basic amenity for slum dwellers especially in congested metropolitan cities is the lack of rudimentary toilet facilities. A new National City Sanitation Project under the title of ‘Nirmal Bharat Abhiyan’ is an integral sub component of VAMBAY.

4.15 During the year 2001-2002, Rs.69 crore were made available out of the saving of the Ministry of Urban Development and Poverty Alleviation. The Working Group for the 10th Five Year Plan set up by the Planning Commission on Urban Housing Schemes and Poverty Alleviation had recommended provision of Rs.5000 crore. However, during the 10th Plan period when VAMBAY will be launched in full swing, the annual allocation may be Rs.1000 crore which will be matched with a long-term loan by HUDCO of Rs.1000 crore on a 1:1 basis. The rate of interest of this loan will be the same as the rate of interest charged by HUDCO for EWS housing. State Government has the option to mobilise its matching portion of 50% from other sources, such as their own budget provision, resources of local bodies, loans from other agencies, contributions from beneficiaries or NGOs etc. In all cases, however, the Government of India subsidy will only be released after the States’ matching share of 50% has been released. Both the subsidy and the loan (when it is required) will be released by HUDCO. The funds will be released by HUDCO either to the State Urban Development

Agency (SUDA), District Urban Development Agency (DUDA) or any other agency designated by the State Government.

4.16 The implementation of VAMBAY will be dovetailed and synergised with other existing programmes such as NSDP and SJSRY. The availability of drinking water, sanitation and drainage facilities should be ensured under these programmes. On an average, 25% of the funds under the Scheme will be spent for providing water and sanitation facilities including approximately 20% of the amount for community sanitation project - Nirmal Bharat Abhiyan.

4.17 Selection of beneficiaries will be made by the SUDA/DUDA in consultation with the local authorities. Help of reputed NGOs may be enlisted. They will also formulate projects, prepare estimates and submit the same for sanction to the State Government which will in turn recommend them to the Government of India for release of funds allocated for each State.

4.18 In selecting the beneficiaries, the following reservation/percentage will be followed:

- | | | | |
|----|---|---|-------------------|
| 1. | SC/ST | - | not less than 50% |
| 2. | Backward classes | - | 30% |
| 3. | Other weaker sections | - | 15% (OBC, etc.) |
| 4. | Physically & handicapped persons and others | - | 5% |

4.19 After identification of the beneficiaries, the latter must be provided title as a pre-condition for the loan or subsidy. This may be done by the State Government/local body either by regularisation in-situ or by relocation. The title to the land should be in the name of the husband and wife jointly or preferably in the name of the wife. Till the repayment of the loan, if any, the house built with VAMBAY funds along with the land shall be mortgaged to the State Government/implementing agency. It may please be noted that no provision is made for land acquisition in VAMBAY. No hard and fast type/design is prescribed for VAMBAY dwelling units. However, the plinth area of a new house should normally be not less than 15 sq. mts.

4.20 The upper financial limit for construction of VAMBAY units normally will be Rs.40,000 with provision for sanitary toilet also. However, for metro cities with more than 1-million population, it will be Rs.50,000 and for mega cities (Delhi, Mumbai, Kolkata, Chennai, Hyderabad and Bangalore) it will be Rs.60,000 per unit. In hilly and difficult areas, this ceiling may be enhanced by 12.5%. A portion, say, 20% of the funds may be used also for upgrading existing dwelling units in slums. The upper limit for upgradation of an existing unit shall not be more than 50% of the ceiling specified for construction of a new house. The norms for Town & Country Planning of the State Government and the rules and bye-laws of the Local Bodies should, of course, be kept in view.

4.21 Monitoring of VAMBAY will be done by the State Government and status report submitted to Government of India regularly.

4.22 Entitlement of States/Ut under VAMBAY will be initially determined on the basis of slum population in the State or Ut. The State Governments are required to allocate the share for cities and towns within the State/Ut also on the same norm i.e. in proportion to the slum population as a percentage of the total slum population of the State.

4.23 The detailed proposals with cost estimates will be processed and submitted by HUDCO to a Committee headed by the Secretary, Department of Urban Employment and Poverty Alleviation, Ministry of Urban Development and Poverty Alleviation. If, however, sufficient proposals under VAMBAY are not forthcoming from some of the States, the balance funds can be reallocated to other States which have submitted their proposals.

Convergence of SJSRY & NSDP

4.24 As per the replies furnished by the Department, the Government agree to the convergence of UWEP with NSDP and EIUS programmes so that the targeted urban poor population is benefited the most. Further, it has been stated that under SJSRY/NSDP guidelines, the State Governments have to converge these programmes with the State sector programmes so that the targeted urban poor population is benefited the most.

4.25 The Committee find that a laudable initiative has been taken by the Government by launching a new scheme Valmiki Ambedkar Awas Yojana (VAMBAY) whose main objective is to provide shelter or upgrade the existing shelter for BPL population in urban slums. The Yojana strives for the slumless cities with a healthy and enabling urban environment. One of the laudable objective of the programme is to give security of land tenure to each of the slum dweller. The Committee hope that State Governments have been consulted before launching of the scheme and they do not have any difficulty in providing 50% of their matching share. They also hope that sufficient homework has been done in consultation with State Governments, Urban Local Bodies and all concerned so as to ensure that the ambitious programme does not meet the fate of other urban development schemes/programmes.

4.26 The Committee note that the Government have come up with a comprehensive and integrated three pronged strategy to solve the problem of slums in the country viz. providing basic infrastructural facilities through National Slum Development Programme (NSDP), providing housing and sanitation through VAMBAY and providing employment through SJSRY. The Committee recommend that all the three schemes should be converged so as to have a noticeable impact on the lives of the slum dwellers.

CHAPTER V

Night shelter and Sanitation facility for Urban Footpath Dwellers

The Night Shelter Scheme was launched in 1998-89 to ameliorate the shelter condition of absolutely shelterless and pavement dwellers in metropolitan cities. Since 1990-1991, this Scheme is being implemented through HUDCO. The Scheme is demand driven.

5.2 This Central scheme seeks to provide night shelter and sanitation facilities to footpath dwellers at a per capita cost of Rs.5000 with 20% subsidy from Central Government and 80% as contribution from implementing agencies or through HUDCO loan. The scheme is being implemented through HUDCO and has now been extended to cover all urban areas, wherever the problem of footpath dwellers exists.

5.3 As on 30.11.99, HUDCO has sanctioned loan amounting to Rs.17.06 crore and Government subsidy amounting to Rs.20.55 crore for a total of 87 schemes to provide 18550 beds, 11820 pay and use toilet seats, 1442 baths and 1669 urinals. The guidelines of the scheme were revised in 1992, with a view to widen the scope of the scheme and to make it more attractive and effective. This scheme is presently again under review for modifying the guidelines for better implementation of the scheme.

The year wise Central subsidy and loan advanced by HUDCO are as under :-

(Rs. in lakh)

Year	Central subsidy	Loan advanced by HUDCO
1997-98	100.00	59.20
1998-99	100.00	24.98
1999-2000	100.00	216.54
2000-2001	340.00	88.80
2001-2002	Nil	Nil

5.4 The Committee find that the scheme seeks to provide night shelter and sanitation facilities to footpath dwellers at a per capita cost of Rs.5,000. They also note that the scheme is presently again under review. Further, the Committee find that during 2001-2002, the position of Central subsidy and loan advanced by HUDCO has been indicated as nil. The Committee would like to be apprised of the details of the various areas of the scheme which are under review by the Department. They would also like the Department to see the adequacy of the outlay and cover this issue under the revised guidelines.

CHAPTER VI

HOUSING

Although housing is basically a State level activity, the Union Government is responsible for the formulation of the broad policy framework for Housing Sector and Overseeing the effective implementation of the Social Housing schemes, particularly for the economically weaker sections of the society.

6.2 A National Housing Policy was evolved in 1994 taking into account the development on national and international scene on shelter and related issues at that time. This underwent a thorough review and the National Housing and Habitat Policy was formulated in 1998 to address the issues of sustainable development, infrastructure and for strong public private partnership for better shelter delivery. The objectives of the policy are – to create surplus in housing stock and facilitate construction of 2 million additional dwelling units each year in pursuance of National Agenda for Governance. It also seeks to ensure that housing along with supporting services is treated as priority sector at par with infrastructure. The central theme of the policy is strong public private partnership for tackling housing and infrastructure problems. The Government would provide fiscal concessions, carry out legal and regulatory reforms and create an enabling environment.

6.3 The problem of housing shortage compounded with the population explosion has also been addressed by this policy. This document clearly identifies the respective roles of the Central Government, the State Governments, local authorities, financial institutions, research standardization and technical institutions. However, since housing is a State subject, State Governments have to play a primary role in formulating specific action plans and programmes suited to local needs and conditions in consultation with local bodies and citizen groups.

Shortage of Housing in urban areas is about 167.6 lakh dwelling units. The breakup is as under :

EWS	-	100 lakh
LIG	-	50 lakh
MIG/HIG	-	17.6 lakh

167.6 lakh

6.4 The estimated investment required to construct/build the above number of dwelling units is Rs,1,21,371 crore.

6.5 Based on the existing shortage of dwelling units, the Action Plan would call for construction of following dwelling units:-

Target (Dwelling units)

	Total	HUDCO	Other HFIs, NHB, Cooperatives etc.
Urban	7 lakh	4 lakh	3 lakh
Rural	13 lakh	6 lakh	7 lakh
Total	20 lakh	10 lakh	10 lakh

6.6 The National Agenda for Governance has identified Housing for All as a priority area, with particular emphasis on the needs of the vulnerable groups. As per this programme, it is proposed to facilitate construction of 20 lakh additional units every year, with emphasis on EWS & LIG sections of the population as also the needs of SC/ST and other vulnerable groups.

6.7 When asked about the steps taken by the Ministry to provide adequate housing to inadequately housed persons, the Ministry stated that as a follow up of the National Housing and Habitat Policy, several steps have been taken as per details given below:

- Fiscal incentives under the Income Tax Act and in customs and excise duties are being made available.
- Legal reforms have been initiated to facilitate housing. The Urban Land Ceiling Act has been repealed. Model Rent Control Legislation has been prepared and circulated among State Governments for its adoption. States have also been advised to amend town planning and building bye laws to encourage housing. This Ministry is also pursuing amendments to foreclosure laws to facilitate easy foreclosure and for developing a secondary mortgage market.
- The Government, through greater interaction with the National Housing Bank and housing finance institutions is seeking to ensure greater private sector participation. Government is seeking to strengthen the cooperative sector through the National Cooperative Housing Federation.
- Government is also seeking to give a boost to housing through the propagation of appropriate cost effective and environment friendly technology.
- Government by a Press Note No.4 (2001 series) dated 21.5.2001 and No.3 (2002 series) dated 4.1.2002 has permitted foreign direct investment (FDI) upto 100% for development of integrated township only, including housing, commercial premises, hotels, resorts, roads, bridges, mass rapid transit system, etc. with prior Government approval.
- The Central Government has also launched a new scheme titled 'Valmiki Ambedkar Awaas Yojana' (VAMBAY) for providing housing and upgradation of existing housing for below the poverty line families in urban slums with a component for construction of community toilets. The allocations in the current financial year and the next financial year under this scheme are Rs.69 crore and Rs.256.85 crore respectively.

6.8 During evidence, Secretary, UEPA further elaborated on shortages of houses and the reasons therefor, as under:

“To cover the shortage of housing in the country as a whole would require a sum of Rs.1,29,000 crore. Whereas, all our institutions together alongwith the Banks, accounts for a sum of Rs.52,000 crore, it is impossible to do it. If an average householder finds that he can build a two-story house and live in one floor and rent out the other floor on a gentleman's agreement, that tenants could be evicted after a notice of three months under the Law of Contract or Transfer of Property Act, then, to a large extent, at least in the middle class in the urban areas, housing shortage would disappear. According to unofficial count, there are about two lakh houses in Mumbai, which are under lock and key and the owner does not dare to rent it out. Likewise in Calcutta also there are about 50,000 houses lying under lock and key. The reason as to why it is not

implemented is because of the opposition by vested interests who do not like the law to be implemented.”

6.9 The Committee in their 24th report on Demands for Grants 2001-2002, had recommended (Para 3.25) that in the event of the proposal of subsidy not finding favour with the Government owing to its state of Finances, the Government should explore the possibility of issuing tax-free bonds etc. to mop up funds for HUDCO to finance the housing programme, especially the Two Million Housing Programme being implemented by it.

6.10 The Government in their action taken reply did not respond favourably to the proposal of the Committee. They only said that matter will be pursued as directed by the Committee to ensure maximum assistance to HUDCO through different means, to combat HUDCO's loss under the subsidised Housing Programme. They have further stated that Equity Support to HUDCO is essential to enable fulfilling the social mandate of HUDCO in undertaking major housing programmes.

6.11 The Committee have noted that though housing is basically a State level activity, it is the responsibility of the Union Government for formulation of the broad policy framework for Housing Sector and also to oversee the effective implementation of the Social Housing scheme, particularly for economically weaker sections of the society. Government's policy on National Housing and Habitat formulated in 1998, envisages 2 million houses per year in urban areas with emphasis on EWS and LIG & SC/STs sections of the population. To improve upon the urban housing, the Government has announced fiscal incentives under Income Tax Act and Customs & Excise duties, legal reforms such as repealing of ULCA, greater interaction through National Housing Bank and other Housing Finance institutions in private sector, Cooperative sector. The Committee have also observed that the policy frame work of the Government is good, but implementation is not satisfactory. As has been admitted by the Government that to cover the shortage of housing in the country as a whole, they require a sum of Rs.1,29,000 crore, whereas all the institutions put together along with Banks, account for a sum of Rs.52,000 crore. So the finance available are only 48% of the total Housing requirement. They, therefore, recommend that target should be fixed to commensurate with the means available to the Government and the accountability should be fixed for fixing inflated targets.

6.12 Keeping in view the enormous shortage of 167.6 lakh dwelling units in urban areas and the requirement of Rs.1,21,371 crore for investment in housing sector, the Committee desire that Government should encourage more private investment and should also consider creating a real estate mutual funds or investment trust in order to meet the challenge of providing housing for all. The Committee would appreciate if the Government could provide cost effective and environment friendly technology for building of these houses so that more housing units could be built up with the funds available with the Government.

Equity to HUDCO for Housing

6.13 HUDCO is the premier techno-financing institution engaged in financing Housing and Urban Infrastructure programmes in the country. HUDCO is the only Housing finance institution in the country which earmarks substantial portion of its loaning operations for weaker sections. 55% of HUDCO's housing loans are meant for EWS/LIG housing. Loans for EWS programmes are given at comparatively lower rates (10%), which is below the cost of resources raised by the company. The main objective of providing equity support to HUDCO has been reasonable provision of subsidised loan for EWS housing programmes in the States through cross subsidisation.

6.14 The outlay for the year 1997-98 to 2002-2003 towards equity to HUDCO for Housing as follows:-

Year	Amount (Rs. in crore)
1997-98	35.00
1998-99	110.00
1999-2000	150.00
2000-2001	155.00
2001-2002	155.00
2002-2003(B.E.)	180.00

6.15 The equity is released against the authorised capital of HUDCO in accordance with the Budget provision available. No target has been fixed. However, HUDCO signs a Memorandum of Understanding with the Ministry for each financial year, indicating the quantum of loans to be sanctioned and released for housing and urban infrastructure. Separate targets are fixed for sanction and release of loans for EWS/LIG alongwith number of EWS/LIG units to be constructed each year. HUDCO has been meeting all these targets during the past four years.

6.16 As on 31.12.2001, cumulatively, HUDCO has sanctioned loans to the extent of Rs.38017 crore for 14637 housing and urban infrastructure scheme envisaging 12674601 dwelling units, 506888 residential /UI plots, 4660117 sanitation units, 17367 night shelter beds, and 20175 non-residential buildings.

6.17 The Committee note that HUDCO is the only Development Finance Institution which earmarks substantial portion of its loaning operation for weaker sections. 55% of HUDCOs housing loans are meant for EWS/LIG Housing and loans for EWS programmes are given at comparatively lower interest rates of 10% which is below the cost of resources raised by it. The Committee are of the considered opinion that in order to fulfill the social mandate of HUDCO in implementing major housing programmes especially the Two Million Housing Programme, equity support to HUDCO is essential and it should be increased to the requisite level of the HUDCOs in commensurate with its programmes for the

weaker sections of the Society. The Committee reiterate their recommendation made in their earlier report (24th Report 13th Lok Sabha) that Government should explore the possibility of issuing tax free bonds etc. to mop up funds for HUDCO to finance the housing programmes especially the two Million Housing Programme majority of which will be for EWS/LIG housing being implemented by HUDCO.

*NEW DELHI;
23 April, 2002
3 Vaisakha, 1924 (Saka)*

*(ANANT GANGARAM GEETE)
Chairman,
Standing Committee on Urban
and Rural Development*

STATEMENT OF OBSERVATIONS/RECOMMENDATIONS

Sl.No. Para		Observation/Recommendation
1	2	3
1.	2.16	<p>The analysis of the data, as given in the preceding para of this report, indicates a very sorry state of affairs of various schemes/programmes of the Department. During 9th Plan around 30% of the outlay remained unspent. There are huge cuts at RE stage. Further disturbing is the fact that whatever is made available at RE stage could not be utilised fully. The Committee have repeatedly been drawing the attention of the Department towards this sorry state of affairs, yet the position has worsened last year whereby only 20% of the outlay could be spent.</p>
2.	2.7	<p>The Committee are further disturbed to note the reply of the Department that the underspending during 2001-2002, is due to the lower requirement under SJSRY. While the detailed scheme-wise analysis has been done in the succeeding paras of the report, as regards the overall position, the Committee find from Appendix II, that the situation is further alarming in other schemes of the Department too. Under Equity to HUDCO, only 30% of outlay could be utilised, whereas under Night Shelter Scheme and North Eastern areas Scheme 100% of the outlay remained unspent.</p>
3.	2.8	<p>The Committee note that the Department deals with various schemes meant for providing employment and housing to below the poverty line people. The lackadaisical approach of the Department towards such a priority programme is resulting in depriving the urban poor from their benefits for no fault on their part. The Committee strongly recommend that the various issues resulting in such a dismal performance, should be probed urgently and the Committee apprised accordingly. The Committee are also of the considered view that an urgent action is required on the part of the Union Ministry/Department to arrest the trends of lower utilisation of outlay and reduction of allocation at RE stage.</p>
4.	2.9	<p>The Committee are disturbed to note the</p>

comparative position of spending under plan and non-plan heads. Whereas 20% of outlay under plan head could be utilised during 2001-2002, the position of spending under non-plan head was of 50%. They feel that the spending under the non-plan head should be commensurate with the spending under the plan head and the spending on establishment etc., should result in proper implementation of programmes/ schemes of the Department.

5. 3.28

The Committee regret to note that almost 50% of what was allocated during 9th Plan remained unspent. The situation is further alarming as the position of utilisation of outlay is less than 50% during 2002-2003. Even after four years since the restructured SJSRY was launched, the Department could utilise only Rs.237 crore out of Rs.562 crore of unspent balance under the old UPA programme. In spite of this sorry state of affairs, the Department feels that the Yojana has gained momentum.

6. 3.29

The Committee find that as per the urbanisation scenario, presented before the Committee, the decadal growth rate of population (1991-2001) in urban areas was 31.25%, whereas in rural areas it was 17.9%. They also note that SJSRY is the only employment programme meant for urban poor. In spite of big challenges before the Government, nothing concrete has been done. The erstwhile programme Nehru Rozgar Yojana was not working well and was restructured during 9th Plan as SJSRY. Now again the programme is not working well and at one stage it was decided to transfer it to State Governments. But finally now the Yojana is again being restructured. Banks are non-cooperative and finally it has been decided to manage without Banks.

7. 3.30

In the scenario as depicted above, the Committee have no option but to conclude that there has been dismal failure of the Government in implementing the only employment programme meant for urban poor. It is gathered that the Union Government seems helpless, the State Governments are not enthusiastic, and Banks have their own reservations due to unviable projects, guarantee problems and increase in debt. The

Committee deplore the casual attitude of the Government in handling the various issues and planning for such an ambitious programme. They find that the position of a similar programme SGSY, in rural areas is not so bad. During the field visits to different parts of the country in the rural areas, the Committee have found that the group approach is working well in many States. Certain groups formed under SGSY are doing extremely well and the Commercial Banks are enthusiastic and keen in advancing loans to such groups. They strongly recommend that instead of doing away with Banks in the restructured programme of SJSRY, the Department should take the corrective steps to plug the various lacunae noticed in the implementation of the Yojana. Besides, they should also motivate State Governments, Urban Local Bodies and Banks to come forward in this regard. Once the implementation of the programme is improved and viable projects are set up, the willingness of Banks would automatically follow.

8. 3.31

The Committee hope that the SJSRY is restructured expeditiously and all the loopholes in the implementation of SJSRY are plugged in the restructured programme. They also emphasise that the various recommendations made by the Committee in their earlier reports on the subject should also be taken into consideration while revising SJSRY.

9. 3.39

The Committee find that as per the latest position with regard to house to house survey indicated in the written note submitted by the Department, the survey in 217 towns is yet to be completed. They further note that the Department while presenting data in respect of Demands for Grants 2001-2002, had given the said data as 216. Besides, in the latest replies, it has been mentioned that in Bihar, out of 133 towns, the survey has been done in only 16 towns, whereas last year, it was stated that out of 170 towns, the survey was completed in 12 towns {refer Para 2.32 of 24th Report (13th Lok Sabha)}. The Committee deplore the way the Department is furnishing the data without verifying the actual position in the field. They would like the Department to explain the above mentioned anomalies. Besides, as the

Committee observe that they depending upon the information furnished by the Department in analysing its Demands for Grants and making their conclusions/recommendations, they urge that utmost care should be taken to verify the accuracy of the data being furnished to them, in future, to enable the Committee to arrive at the right conclusion.

10. 3.40 Even after four years, when restructured SJSRY was launched, house-to-house survey is yet to be completed. The situation in Bihar is worst. The Committee in their 24th Report, (13th Lok Sabha) had requested the Department to take the desired steps to encourage the States, complete this survey, where the performance of the Yojana is worst, particularly in Bihar. The Committee would like to be apprised of the steps taken by the Department in this regard.
11. 3.41 While analysing the State/Ut-wise data of the beneficiaries assisted under SJSRY, the Committee find that in some of the States like Andhra Pradesh, Karnataka, Kerala, Madhya Pradesh and Orissa, the number of beneficiaries assisted is quite good. The Committee would like that the States who are not performing well should be apprised of the success stories of the other States so as to motivate them to implement the Yojana more vigorously.
12. 3.42 The Committee further note that the main objective of SJSRY is to bring BPL persons above the poverty line, but the Department has not bothered to analyse the Yojana in that perspective. The Committee unhappy to note the reasoning given by the Department to cover up their failure. After five decades of independence, there are still bulk of people below poverty line. If the Department is serious enough in the process of the implementation of the programme, poverty can be diminished considerably by eliminating the BPL, by gradually bringing them to APL status. They are thus not inclined to accept the reasoning given by the Department that SJSRY is a poverty alleviation programme and not a poverty elimination programme. The Committee, therefore, strongly recommend that it should be ensured that the persons assisted under the programme are able to cross the poverty line even

by providing the multi doses of assistance and the Department should monitor the data in this regard in line with the set objective of the Yojana.

13. 3.43

The Committee find that one of the component of SJSRY is Infrastructure, Education and Communication and Community structure, whose objective is to have a coordinated and uniform level of training across the country for training of trainer, elected representative, functionaries of Urban Local Bodies and field functionaries, etc. In spite of that, Urban Local Bodies are facing the problem of having specialised officers/staff to conduct house-to-house survey. The Committee would like to be apprised of the details of the outlay earmarked, spent and the number of persons assisted under IEC since SJSRY is in existence. They strongly recommend that more stress should be given on the training, as it is the necessary prerequisite for the successful implementation of any programme.

14. 3.48

While noting that the revision of SJSRY guidelines is at an advance stage of finalisation, the Committee request the Department to have close coordination and consultation with the States, Urban Local Bodies, and all involved in the implementation of the Yojana. Besides, the findings of IIPA's concurrent evaluations and the recommendations made by this Committee in their respective reports should also be taken into consideration while revising SJSRY guidelines. Proper home work should be done before revising the guidelines so that the revised programme is realistic, workable and does not meet the fate of erstwhile NRY.

15. 4.8

The Committee for the last three years have repeatedly been highlighting in their respective reports about the lack of coordinated approach by the Government with regard to complex arrangement of implementation, funding and monitoring of NSDP by different Ministries/Departments. In spite of that, there has not been any marked improvement in their approach. The Committee are concerned and would like the Government to ponder over it. The Committee also fail to understand how the Department of Urban Employment and Poverty

Alleviation could be expected to monitor a programme over whose finances they have virtually no control. The Committee feel that their recommendation in this regard has not been taken seriously and the Government has failed to act on it. While such casual approach of the Government towards such a serious issue cannot be taken lightly, the Committee would like the Government to reply categorically over their failure on the ameliorative action contemplated for future in this regard.

16. 4.9

The Committee are concerned to find that around 40% of the outlay earmarked under NSDP during 9th Plan remained unspent. They are equally disturbed to note the lowering of allocation under NSDP since 2000-2001, as compared to previous years. While appreciating the fact that Planning Commission has allocated Rs.5,000 crore for NSDP during 10th Plan, the Committee impress upon the Department to prepare an action plan in consultation with State Governments and Urban Local Bodies so that the scarce resources are meaningfully utilised.

17. 4.10

The Committee further note that the Registrar General of India has made a survey about the slum population in the country in census 2001 according to which the total slum population in cities having more than 50,000 population is 4.06 crore. The Committee would like to be apprised of the city-wise details in this regard. Besides, they would like that similar survey in respect of other cities, having less than 50,000 population, is also carried out and the Committee apprised accordingly.

18. 4.11

The Committee find that during Ninth Plan, total funds released were to the tune of Rs.966.71 crore and 3.13 crore of people were benefitted by the programme. By going through the above data, the Committee find that per capita benefit during 5 years comes to Rs.300 per person. They fail to understand how far the meagre allocation of Rs.300 per person could have helped the urban slum dwellers to improve their living conditions. In view of this, the Committee strongly recommend to analyse the impact of the programme by conducting an independent survey and apprise the Committee accordingly. They also desire that

instead of spreading the resources so thinly, the thrust should be to cover the selected cities/towns, within the allocation provided and ensure the qualitative improvement in the living condition of slum dwellers of that area.

19. 4.12

The Committee note that the Government have come up with a comprehensive and integrated three pronged strategy to solve the problems of the slums during the 10th Five Year Plan. While the Committee appreciate such move, it is emphasised that the programme should be realistic, practical and result oriented and does not remain confined to papers only. The Committee would like to be apprised about further details in this regard. The Committee also note that the Draft Slum Policy is under finalisation with the Department. They hope that it is finalised expeditiously.

20. 4.25

The Committee find that a laudable initiative has been taken by the Government by launching a new scheme Valmiki Ambedkar Awas Yojana (VAMBAY) whose main objective is to provide shelter or upgrade the existing shelter for BPL population in urban slums. The Yojana strives for the slumless cities with a healthy and enabling urban environment. One of the laudable objective of the programme is to give security of land tenure to each of the slum dweller. The Committee hope that State Governments have been consulted before launching of the scheme and they do not have any difficulty in providing 50% of their matching share. They also hope that sufficient homework has been done in consultation with State Governments, Urban Local Bodies and all concerned so as to ensure that the ambitious programme does not meet the fate of other urban development schemes/programmes.

21. 4.26

The Committee note that the Government have come up with a comprehensive and integrated three pronged strategy to solve the problem of slums in the country viz. providing basic infrastructural facilities through National Slum Development Programme (NSDP), providing housing and sanitation through VAMBAY and providing employment through SJSRY. The Committee recommend that all the three schemes

should be converged so as to have a noticeable impact on the lives of the slum dwellers.

22. 5.4

The Committee find that the scheme seeks to provide night shelter and sanitation facilities to footpath dwellers at a per capita cost of Rs.5,000. They also note that the scheme is presently again under review. Further, the Committee find that during 2001-2002, the position of Central subsidy and loan advanced by HUDCO has been indicated as nil. The Committee would like to be apprised of the details of the various areas of the scheme which are under review by the Department. They would also like the Department to see the adequacy of the outlay and cover this issue under the revised guidelines.

23. 6.11

The Committee have noted that though housing is basically a State level activity, it is the responsibility of the Union Government for formulation of the broad policy framework for Housing Sector and also to oversee the effective implementation of the Social Housing scheme, particularly for economically weaker sections of the society. Government's policy on National Housing and Habitat formulated in 1998, envisages 2 million houses per year in urban areas with emphasis on EWS and LIG & SC/STs sections of the population. To improve upon the urban housing, the Government has announced fiscal incentives under Income Tax Act and Customs & Excise duties, legal reforms such as repealing of ULCA, greater interaction through National Housing Bank and other Housing Finance institutions in private sector, Cooperative sector. The Committee have also observed that the policy frame work of the Government is good, but implementation is not satisfactory. As has been admitted by the Government that to cover the shortage of housing in the country as a whole, they require a sum of Rs.1,29,000 crore, whereas all the institutions put together along with Banks, account for a sum of Rs.52,000 crore. So the finance available are only 48% of the total Housing requirement. They, therefore, recommend that target should be fixed to commensurate with the means available to the Government and the accountability should be fixed for fixing inflated targets.

24. 6.12 Keeping in view the enormous shortage of 167.6 lakh dwelling units in urban areas and the requirement of Rs.1,21,371 crore for investment in housing sector, the Committee desire that Government should encourage more private investment and should also consider creating a real estate mutual funds or investment trust in order to meet the challenge of providing housing for all. The Committee would appreciate if the Government could provide cost effective and environment friendly technology for building of these houses so that more housing units could be built up with the funds available with the Government.

25. 6.17 The Committee note that HUDCO is the only Development Finance Institution which earmarks substantial portion of its loaning operation for weaker sections. 55% of HUDCOs housing loans are meant for EWS/LIG Housing and loans for EWS programmes are given at comparatively lower interest rates of 10% which is below the cost of resources raised by it. The Committee are of the considered opinion that in order to fulfill the social mandate of HUDCO in implementing major housing programmes especially the Two Million Housing Programme, equity support to HUDCO is essential and it should be increased to the requisite level of the HUDCOs in commensurate with its programmes for the weaker sections of the Society. The Committee reiterate their recommendation made in their earlier report (24th Report 13th Lok Sabha) that Government should explore the possibility of issuing tax free bonds etc. to mop up funds for HUDCO to finance the housing programmes especially the two Million Housing Programme majority of which will be for EWS/LIG housing being implemented by HUDCO.
