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**STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(2003)**

THIRTEENTH LOK SABHA

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

DEMANDS FOR GRANTS 2003-2004

[Action taken by the Government on the recommendations contained in the Forty-Fifth Report (13th Lok Sabha) on Demands for Grants 2003-2004 of the Ministry of Urban Development and Poverty Alleviation (Department of Urban Employment and Poverty Alleviation)]

FIFTY-FIRST REPORT

Presented to Lok Sabha on 23.12.2003

Laid in Rajya Sabha on 23.12.2003



**LOK SABHA SECRETARIAT
NEW DELHI
FIFTY-FIRST REPORT**

**STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(2003)**

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**COMPOSITION OF THE STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT (2003)**

Shri Chandrakant Khaire - Chairman

MEMBERS

LOK SABHA

2. Shri Yogi Aditya Nath
3. Shri Mani Shankar Aiyar
4. Shri S. Ajaya Kumar
5. Shri Ranen Barman
6. Shri Padmanava Behera
7. Shri Jaswant Singh Bishnoi
8. Shri Haribhai Chaudhary
9. Shri Shriram Chauhan
10. Shri Shamsher Singh Dullo
11. Shrimati Hema Gamang
12. Shri G. Putta Swamy Gowda
13. Shri Jaiprakash
14. Shri Hassan Khan
15. Shri Basavanagoud Kolar
16. Shri Shrichand Kriplani
17. Shri Savshibhai Makwana
18. Prof. Vijay Kumar Malhotra
19. Shri Sadashivrao Dadoba Mandlik
20. Shri Mahendra Singh Pal
21. Shri Chandresh Patel
22. Prof. (Shrimati) A.K. Premajam
23. Shri Nawal Kishore Rai
24. Shri Gutha Sukender Reddy
25. Shri Pyare Lal Sankhwar

26. Shri Maheshwar Singh
27. Shri D.C. Srikantappa
28. Shri V.M. Sudheeran
29. Shri Ravi Prakash Verma
30. Shri Pradeep Yadav

RAJYA SABHA

31. Shri S. Agniraj
32. Vacant
33. Shrimati Prema Cariappa
34. Shri Prasanta Chatterjee
35. Shri N.R. Dasari
36. Shri Ramadhar Kashyap
37. Shrimati Gurcharan Kaur
38. Shri Faqir Chand Mullana
39. Shri Rumandla Ramachandraiah
40. Shri Harish Rawat
41. Shri Man Mohan Samal
42. Shri G.K. Vasani
43. Vacant
44. Vacant
45. Vacant

SECRETARIAT

- | | | | |
|----|------------------------|---|--------------------|
| 1. | Shri N.K. Sapra | - | Joint Secretary |
| 2. | Shri K. Chakraborty | - | Director |
| 3. | Shrimati Sudesh Luthra | - | Under Secretary |
| 4. | Shri A.K. Shah | - | Assistant Director |

INTRODUCTION

I, the Chairman of the Standing Committee on Urban and Rural Development(2003) having been authorised by the Committee to submit the Report on their behalf, present the Fifty-first Report on the action taken by the Government on the recommendations contained in the Forty-fifth Report (Thirteenth Lok Sabha) of the Standing Committee on Urban and Rural Development on Demands for Grants (2003-2004) of the Ministry of Urban Development and Poverty Alleviation (Department of Urban Employment and Poverty Alleviation).

2. The Forty-fifth Report was presented to Lok Sabha on 22 April 2003. The replies of the Government to all the recommendations contained in the Report were received on 6 August 2003.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 19 December 2003.

4. An analysis of the action taken by the Government on the recommendations contained in the Forty-fifth Report (Thirteenth Lok Sabha) of the Committee (2003) is given in **Appendix II**.

NEW DELHI;
19 December 2003
28 Agrahayana 1925 (Saka)

CHANDRAKANT KHAIRE,
Chairman,
Standing Committee on Urban
and Rural Development

CHAPTER I

REPORT

This Report of the Committee on Urban and Rural Development (2003) deals with the action taken by the Government on the recommendations contained in their Forty-fifth Report on Demands for Grants (2003-2004) of the Department of Urban Employment and Poverty Alleviation) which was presented to Lok Sabha on 22 April 2003.

2. Action taken notes have been received from the Government in respect of all the 18 recommendations which have been categorised as follows:

- (i) Recommendations which have been accepted by the Government:
Paras Nos.3.11, 3.15, 3.16, 3.21, 3.26, 3.27, 3.32, 3.33, 3.36, 3.37, 3.45, 3.46, 3.49, 4.5, 4.8 and 5.5
 - (ii) Recommendations which the Committee do not desire to pursue in view of Government's replies: Para No. 2.6
 - (iii) Recommendation in respect of which reply of the Government has not been accepted by the Committee: Para No.2.7
 - (iv) Recommendations in respect of which final reply of the Government is still awaited: NIL
3. The Committee will now deal with action taken by the Government on some of these recommendations in the succeeding paragraphs.

A. Streamlining of procedure regarding allocation of funds under Centrally-Sponsored Schemes

Recommendation (Para No.2.7)

4. The Committee had recommended as under:

“The Committee are further constrained to note the reply of the Government that the reason for release of funds in the last quarter by the Department in various schemes is due to the insistence for utilisation certificates (UCs) from States/UTs for the previous releases. In all cases, this seems to be one of the reasons for repeated underspending. As such, the Committee desired that the Government should rationalise and streamline their procedure regarding allocation and release of funds to States/UTs under different Centrally Sponsored and Central Sector Schemes in such a way that there is no unnecessary accumulation of funds in the hands of States/UTs, and at the same time, the implementation of the Schemes is not adversely affected and the flow of funds to and their utilization by the implementing agencies is regulated and monitored in an effective way. They, therefore, strongly recommend that in accordance with the suggestions made by the Committee during the oral evidence, the Government should adopt the same procedure for release of funds under various Centrally Sponsored Schemes of the Department of Urban Employment and Poverty Alleviation as in the case of Department of Rural Development. It is imperative that the suggestions/opinions of the States/UTs and other implementing agencies should be taken into consideration and there should be coordination meeting at least twice in a year between the Department and the States/UTs before finalizing the Schemes and allocation of funds is made to ensure that the Schemes are in consonance with the States requirements and are implemented or completed on time.”

5. The Government in their reply have stated as under:

“Under SJSRY, funds are considered for release to the States/UTs on receipt of Utilisation Certificates of previous releases, after earmarking the releases made in the one previous financial year, and after earmarking of the corresponding State Share by the concerned States.

After the issue of the instructions by the Ministry of Finance in February 2000 and their reiteration by them on 18th November 2000, the Ministry have started insisting upon the receipt of the Utilisation Certificates in respect of previous releases before releasing fresh grants to all States/UTs under all the Centrally Sponsored Schemes. The furnishing of Utilisation Certificates is insisted upon so that State Governments do not utilise Central funds for ways and means/salaries but utilize them on the Centrally Sponsored Schemes they are meant for. Most of the States/UTs furnish the Utilisation Certificates at the fag end of the financial year, i.e. in the month of February and March, in spite of the repeated reminders from this Ministry, at the various levels. In view of this, the Ministry could release most of the allocated funds under SJSRY in the last quarter of the financial year. It may also be pointed out that when SJSRY scheme was launched in December 1997, the erstwhile Schemes like NRY, UBSP & PMIUPEP were subsumed under one integrated urban poverty alleviation scheme called SJSRY and the unspent funds/balances available under these 3 Schemes were treated as opening balance under SJSRY. This opening balance on 1.12.1997 was to the tune of Rs.554.67 crore. This included the Central share amounting to Rs.269.38 crore, for which Utilisation Certificates had to be furnished and in the absence of which, it was presumed that the States had not spent the funds for the purpose for which these were meant. Even in March 2003, the unspent/balance funds available with States/UTs amounted to Rs.306.00 crore, which includes the Central funds amounting to Rs.202.69 crore. Thus, unless UCs are provided by the concerned States against Central funds available with them, fresh funds cannot be released to them.

Further, Controller General of Accounts, Ministry of Finance, vide his DO letter No.5/35/2000-MC dated 16.09.2002, had intimated that a Public Interest Litigation (Writ Petition No.6413 of 2000) has been filed in the High Court of Delhi as well as Supreme Court about the pendency of huge number of Utilisation Certificates. The interim directions of the Hon'ble High Court of Delhi on the PIL are to the effect that no fresh grants be released unless utilisation certificates for the previous grant/grants are furnished. Ministry of Finance, in their latest instructions issued vide OM No.5/35/2002-MC dated 05.05.2003, have again emphasized that no fresh grants are to be released

unless Utilisation Certificates for the previous grant/grants are furnished to avoid contempt of the Court and further litigation.

Regular coordination and review meetings with the States/UTs are held and their views and suggestions taken into account for implementations of the schemes. Hon'ble Committee's recommendations to institutionalise the systems has been noted.

Since the funding pattern and procedure for release in the schemes of this Department are different from those of Rural Development, it is submitted that it may not be feasible for this Ministry to adopt the procedure of Rural Development while releasing funds."

6. The Committee are anguished to note the reply furnished by the Department on such an important issue of streamlining procedure regarding allocation of funds under Centrally Sponsored Schemes. They had, in their earlier recommendation while expressing concern for late release of funds, suggested to adopt a formula for release of funds as adopted by the Ministry of Rural Development. As per the said formula (refer Para 2.5 of the Report) the first instalment of 50% of the funds is to be released on adhoc basis. Subsequent instalment may be released on the fulfilment of other conditions which include furnishing of Utilisation Certificates (UCs). The percentage of funds for second instalment will depend upon the month in which the instalment is to be released. Instead of taking the desired action as suggested by the Committee, the Department has simply stated that the procedure for release of funds for different Centrally Sponsored Schemes of the Department of Urban Employment and Poverty Alleviation is different from those of the Department of Rural Development. The Committee, while expressing their unhappiness over the way the Department has taken their suggestion would like to reiterate their earlier recommendation and strongly recommend that the Department should reconsider their recommendation in the right earnest and review the formula for release of funds as suggested by the Committee in their earlier recommendation.

Though the Ministry says that regular coordination and review meetings with the States/UTs are held and their views and suggestions are taken into account for implementation of the Schemes, but the Committee are yet to note any positive

outcome of these meetings and suggestions made therein. The Committee have not been informed as to why the States were sending Utilisation Certificates late and what difficulties were encountered by them for expeditious communication of the same. The Committee recommend that the Ministry would reconsider this aspect deeply and forward their considered views at an early date.

B. Modifications in existing Guidelines of SJSRY for avoiding diversion of funds

Recommendation (Para No.3.11)

7. The Committee had recommended as under:

“The Committee are dismayed to note the steady decrease in the allocation over the last five years under the SJSRY. Only about 50 per cent of funds allocated during the 9th Plan Period were utilised under the Scheme. The Committee are not satisfied with the reply of the Department that the decreasing allocations of funds is not an indicator of poor performance of the Scheme since the States/UTs are having unspent balances from old UPA Programmes to the tune of Rs. 299.14 crore with them. The Committee have also taken serious view of the fact that some States have diverted the funds of SJSRY. The Committee recommend that corrective steps be taken to reduce the unspent balances with the States/UTs and release the funds under SJSRY either by modifying the existing allocation procedure or by adopting new procedure. The Committee further recommend that the Government should also take strict action to stop the diversion of funds under SJSRY and for recoupment of already diverted funds and the measures adopted in this regard be intimated to the Committee.”

8. The Government in their reply have stated as under:

“To ensure better and result-oriented utilization of funds and for effective implementation of the scheme, modifications in the guidelines of the Scheme are being processed. Further, the monitoring mechanism for implementation of this Scheme has also been tightened. The Programme is monitored vigorously through Quarterly Progress Reports. On account of vigorous monitoring of the Scheme at various levels in the Ministry, the unspent funds available with the States have been gradually coming down

year after year, in spite of the fresh releases made to the States/UTs. Year-wise details of unspent balances, including the State's share, are as under:

(Rs. in crore)

Year	Unspent balances
1999-2000	582.43
2000-2001	487.41
2001-2002	356.25
2002-2003	306.00

Incidentally, the process of revision of the guidelines of the Scheme – Swarna Jayanti Shahari Rozgar Yojana (SJSRY) – is in hand and the States have also been consulted on the issue. A meeting with the State representatives and the representative of Reserve Bank of India was also held on the issue on 29 April 2003 under the Chairmanship of Secretary (UEPA) to finalize the draft modifications.

As regards diversion of funds under SJSRY, it is brought to the kind notice of the Hon'ble Committee that strict instructions to stop diversion of funds and for 100% recoupment of funds if earlier diverted, has already been issued to all the States/UTs.”

9. While noting that the process of review of the guidelines of Swarnjayanti Shahari Rozgar Yojana (SJSRY) has been taken up actively by the Department of Urban Development, the Committee hope that the revised guidelines would be finalised expeditiously and would also hope that the various shortcomings noticed in the implementation of SJSRY would be taken care of while finalising the revised guidelines.

The Committee are glad to learn that strict instructions to stop diversion of funds and for 100% recoupment of funds if earlier diverted, have been issued. The Committee would, however, like to be apprised about the date when such instructions were issued, the contents thereof and the monitoring of the implementation of those instructions by respective States/UTs.

C. Completion of house-to-house survey for the purpose of identification of beneficiaries under SJSRY in remaining towns

Recommendation (Para No.3.15)

10. The Committee had recommended as below:

“The Committee note that under SJSRY, the States/UTs fix the physical targets based on the Central allocations provided to them on yearly basis and result of the beneficiaries surveys conducted by them. The Committee desire that house-to-house surveys in remaining towns, where survey is not yet complete, should be completed at the earliest for the identification of beneficiaries, and services of NGOs can also be utilised for this purpose. The Committee also desire that the States/UTs, which are not performing well, should be encouraged to improve their performance and the Government should also see that the physical progress made by States/UTs is in consonance with the funds made available to them.”

11. The Government in their reply have stated as under:

“The matter regarding completion of house-to-house survey in the remaining 230 towns has been taken up vigorously with the concerned State Governments to complete the exercise expeditiously. A statement showing details of number of towns where house-to-house survey has been completed/is yet to be completed, is placed below for the kind perusal of the Hon’ble Committee. In regard to participation of NGOs, it is stated that a proposal to utilize their services under the Scheme has been incorporated in the draft Expenditure Finance Committee (EFC) memo on the modifications of the Scheme guidelines. All efforts are being made to persuade and encourage the concerned State Governments to improve their performances. The physical and financial progress made by the State is regularly monitored with respect to the releases made by them. In this regard, a meeting was also held on 29.04.2003 under the Chairmanship of Secretary (UEPA) with the concerned State Secretaries/Representatives and representative of Reserve Bank of India. With vigorous monitoring at the various levels in the Ministry, the unspent balances available with the States/UTs have reduced from Rs.356.25 crore as on 31 March 2002 to Rs.306.00 crore as on 31 March 2003.”

SWARNA JAYANTI SHAHARI ROZGAR YOJANA (SJSRY)**Community Structure-No. of Towns Where House-to-House Survey Conducted**

(As on 31.03.2003)

S.No.	Name of States/UTs	No. of towns In the State	No. of Towns Where House-to- House Survey Conducted	No. of Towns yet to be converted
1	2	3	4	5
1.	Andhra Pradesh	117	117	-
2.	Arunachal Pradesh	17	17	-
3.	Assam	79	79	-
4.	Bihar	123	20	103
5.	Goa	13	13	-
6.	Gujarat	149	149	-
7.	Haryana	68	68	-
8.	Himachal Pradesh	53	52	1
9.	Jammu & Kashmir	70	25	45
10.	Karnataka	215	215	-
11.	Kerela	58	58	-
12.	Madhya Pradesh	336	336	-
13.	Maharashtra	245	245	-
14.	Manipur	28	28	-
15.	Meghalaya	6	6	-
16.	Mizoram	3	3	-
17.	Nagaland	9	8	1
18.	Orissa	103	103	-
19.	Punjab	133	130	3
20.	Rajasthan	183	183	-
21.	Sikkim	46	46	-
22.	Tamil Nadu	719	719	-
23.	Tripura	13	13	-

24.	Uttar Pradesh	623	623	-
25.	West Bengal	125	115	10
26.	A & N Islands	1	1	-
27.	Chandigarh	1	1	-
28.	D & N Haveli	2	2	-
29.	Daman & Diu	2	2	-
30.	Delhi	1	1	-
31.	Pondicherry	5	5	-
32.	Chhattisgarh	95	75	20
33.	Jharkhand	47	0	47
34.	Uttaranchal	64	64	-
	TOTAL	3752	3522	230

12. The Committee note that house-to-house survey for the purpose of identification of beneficiaries under SJSRY is yet to be completed in 230 towns. The break-up of 230 towns is as given below:

Bihar	-	103
Himachal Pradesh	-	1
Jammu and Kashmir	-	45
Nagaland	-	1
Punjab	-	3
West Bengal	-	10
Chhatisgarh	-	20
Jharkhand	-	47

The Committee are surprised to note how such an important Scheme, i.e. SJSRY is being implemented without completing even the first stage of implementation of the programme, i.e. identification of beneficiaries. Without the identification of beneficiaries, it is not clear how the States/UTs have fixed the physical targets based on Central allocations. The Committee hope that Survey in the aforesaid States would be completed without any further loss of time and the Committee be kept

apprised of the same accordingly. On the issue of participation of NGOs, the Committee note that a proposal to utilise their services under the Scheme has been incorporated in the draft revised guidelines. They hope that the revised guidelines would be finalised expeditiously.

The Committee are informed that a meeting was held on 29 April 2003 under the Chairmanship of Secretary (UEPA) with the Secretaries/representatives of the concerned States and representatives of RBI to monitor the physical and financial progress made by the respective States. The Committee would like to know the outcome of that meeting as well as the follow up made in pursuance thereof.

**D. Making Night Shelter Scheme attractive
Recommendation(Para No.3.27)**

13. The Committee had recommended as below:

“The Committee express their deep displeasure with the reply of the Department that during the year 2001-2002, no expenditure was incurred on the Night Shelter Scheme as the scheme was not attractive. The reply of the Department is unacceptable since they themselves have formulated the guidelines and the Scheme is in operation since 1990-91. When a Scheme is launched, it should be ensured that the same is acceptable to the beneficiaries in all aspects. By not incurring the expenditure simply on the plea that it was not attractive, the Government had deprived many, who could have been benefited by the Scheme. Such an explanation is ludicrous and cast adverse aspersions as persons on those who plan. The Committee desire that the Ministry in close coordination and consultations with State Governments should further modify the guidelines of the Scheme, in order to make it more attractive and practicable, so that the States/UTs submit more projects to the Central Government and the funds earmarked for this Scheme are optimally utilised. The Committee also desire that Government should also increase budgetary support to such an important scheme keeping in view the abject conditions of shelter less people in metro cities.

14. The Government have, in their reply, stated as under:

“The Guidelines of Night Shelter and Pay & Use Toilet Schemes were modified in October 2002 and are proposed to be further modified to make it more attractive so

that more proposals from State Governments may come. In that direction a meeting with States dealing with the Schemes alongwith NGOs is fixed for 22.7.2003. Recently two Night Shelter Schemes have been received from Government of Chattisgarh and Govt. of J & K. The project proposal of Government of Chhatisgarh is being placed before Project Sanctioning Committee for its meeting to be held shortly. A demand from HUDCO has also been received for release of Rs.5 crores under the said Schemes for the current financial year for implementing the ongoing projects. This is under process as per rules.”

15. The Committee had, in their earlier recommendation, expressed serious concern over the fact that no expenditure could be incurred on the ‘Night Shelter Scheme’ which has been in operation since 1990-91. They had desired that the guidelines should be modified in close coordination and consultation with the State Governments in order to make it more attractive and practicable. Pursuant to their recommendation, the Department has stated that the guidelines were modified in October 2002 and are proposed to be further modified. The Committee would like to be apprised whether the State Governments have been consulted while modifying the guidelines. The Committee would also like to be informed whether the Department has ever introspected on the complete failure of the Scheme meant for the shelterless people living in pathetic conditions particularly in metro cities. The Committee would like that the various shortcomings noticed in the implementation of the programme should be taken into account while modifying the guidelines. They note that the Department had proposed a meeting with the States and also the NGOs dealing with the Schemes on 27 November 2003. The Committee would like to be apprised about the outcome of the said sitting. They would also like that more such meetings and interactions with the State Governments and NGOs are required to attract proposals from the respective State Governments.

E. Monitoring/Evaluation of VAMBAY

Recommendation (Para No.3.36)

16. The Committee had recommended as below:

“The Committee note that the VAMBAY Scheme is being monitored at the National Level through regular review meeting at Secretary/Joint Secretary levels with

the State Government Secretaries/nodal officers. Besides, the Committee note that the Core groups from HUDCO have also started visiting the States for overseeing the implementation of the programme. The Committee would like to know the outcome of the above move by HUDCO. The Committee would also like to know the States which have formed State level monitoring Committee in pursuance of the order of Government of India. The Committee desire that the evaluation study of the Yojana should be conducted by the Indian Institute of Public Administration (IIPA) and other renowned agencies which have the competence. There should be monitoring at the higher level, i.e. the Central Government should have interaction with the concerned State Ministers at least twice in a year before finalisation of the Budget allocation for different Centrally Sponsored Schemes including VAMBAY.”

17. The Government in their reply have stated as under:

“HUDCO had constituted four core teams, one each for East/North-East, West, North and South Zones to work out strategies and modalities for the effective implementation and monitoring of VAMBAY scheme. The teams have been working on the following parameters:

- (i) To review the present status of VAMBAY schemes in the States;
- (ii) To identify the bottlenecks/constraints in implementation of VAMBAY schemes and remove the same;
- (iii) To explore the potential for additional projects to be taken up under VAMBAY schemes and get projects under VAMBAY expedited from State Government/State agencies;
- (iv) To identify the progress regarding nomination of nodal officers from the State Government for coordination of VAMBAY scheme.

These teams have visited various States and had held detailed discussions with the representatives of the State Governments/Implementing agencies and also held interactions on the scheme guidelines and mode for formulation of VAMBAY schemes. The State Level Monitoring Committees are yet to be constituted. VAMBAY, launched only in December 2001, is relatively a new Scheme and it is too early to conduct an evaluation study. However, as recommended by the Committee, evaluation of the scheme will be conducted in due course through reputed agencies like IIPA. As regards

recommendation on the monitoring of the scheme at State Ministers level, the recommendation has been noted.”

18. The Committee find that the State-level Monitoring Committees for monitoring of VAMBAY are yet to be constituted. The Committee would like to be apprised why the States are not coming forward to constitute State-level monitoring Committees. It has been experienced time and again that no Scheme can succeed without proper monitoring. As such, the Committee desire that the concerned States ought to be persuaded to form such Committees without further delay and the difficulties, if any, encountered by them, should be sorted out by instilling in them the confidence by appropriate counselling and befitting orientation. They would like that such Committees should be constituted expeditiously so as to ensure proper monitoring of the Programme. Further, they note that the Department has not addressed the part of the recommendation, wherein the Committee had urged the Central Government to have interaction with the concerned State Ministers at least twice in a year before finalisation of the Budget allocation for different Centrally-Sponsored Schemes including VAMBAY. The Committee would like the reaction of the Department on the aforesaid part of the said recommendation of the Committee.

F. Need for expeditious decision on Hindustan Prefab Limited (HPL)

(Recommendation (Para No.5.5))

19. The Committee had recommended as below:

“The Committee note that the Company has an accumulated loss of Rs. 60 crore as on 31.3.2002, and the estimated net worth of the Company as on 31.3.2002 is (-) Rs. 53.62 crore. The Committee would like to know whether HPL has been incurring losses since its inception. If not, since when this loss has started accumulating and what remedial measures have been contemplated to turn the loss making Company into a profitable one. The Committee should be informed in detail about the factors responsible for such dilapidated condition of the HPL. It is understood that an allocation of Rs. 4.79 crore has been provided in BE 2003-2004 for voluntary Retirement Scheme (VRS) and other purposes. The Committee also note that a draft Cabinet Note has been prepared to decide about the future operation of HPL. They,

therefore, recommend that Government should take an early decision about the future operations of HPL and intimate the Committee in this regard at their earliest.”

20. The Government, in their reply, have stated as under:

(i) Details of Profit & Loss of HPL:

- (a) As on 31 March 2002 the accumulated loss is approx. Rs.73.32 crores and net worth is in minus Rs.66.34 crores (subject to audit).
- (b) Since 1955-56 to 1973-74 HPL made profit. From the year 1965-66 to 1971-72 HPL paid dividend to the Government. Since 1974-75 till 2002-03 the company incurred loss except in the year 1979-80, 1980-81, 1981-82, 1988-89, 1990-91, 1991-1992 and 1992-93.

(ii) Remedial Actions to make company profitable:

- (a) To reduce the wage overheads, the company (HPL) has introduced the Voluntary Retirement Scheme in 1988-89 and 687 employees have taken Voluntary Retirement till 31.5.2003.
- (b) Government has imposed a ban on recruitment since 19.5.1993.
- (c) Overall manpower strength has come down from 1447 as on 1.4.89 to 440 regular employees as on 31.5.2003.

(iii) The factors responsible for such dilapidated condition of HPL:

- (a) Technology has not been recharged.
- (b) Plant and machinery are old and obsolete.
- (c) Limited consumer base for factory products like railway sleepers (Rlys) and PCC poles (State Electy. Boards).
- (d) Low contribution, surviving on budgetary support only.
- (e) Lack of level playing field for PSU vis-à-vis Pvt. as PSUs are subject to various audits and statutory requirements.
- (f) The Competitors are in private sectors who enjoy the benefits of small scale, concessional excise-duty, sale tax, location and state preferences.
- (g) Ban on direct recruitment resulting in mis-match in production workers gang and shortage of technocrats and professionals.

- (h) Cost of manpower is very high and not compatible with the industrial norms.
- (i) Voluntary Retirement Scheme is not attractive.
- (j) Heavy interest burden on Government Loans.
- (k) Equity is Rs.6.97 crores only. The debt equity ratio is very high.
- (l) Due to operational losses net worth is minus.
- (iv) Recommendation of Committee for early decision:

The Cabinet Note for future operations of HPL had been circulated to various concerned Department/Ministries for their comments. The comments of these Ministries/Department have been obtained. The matter will go to Cabinet early for their decision.

21. The Committee note that on the issue regarding future operations of Hindustan Prefab Limited (HPL), the comments of the concerned Ministries/Departments have been obtained and the issue would be decided by the Cabinet. The Committee would, therefore, like that the matter should be placed before the Cabinet expeditiously for taking a final decision on the future of HPL and they be apprised in this regard.

The Committee note that a number of factors have been attributed for the dilapidated condition of HPL. The Committee also learn that the Company had earned profit upto the year1993. The Committee would like to know in detail why the company started incurring losses when it had the potential to earn profit. It seems that proper planning and meticulous assessment of the performance of a Company before launching had not been done. This is clear from the limited consumer base for factory products. Besides, the recruitment has been done at random without assessing the manpower and infrastructural needs. The Committee would like to know why proper steps had not been taken at the right time to make the loss making Company into a profit making one. The Committee are but constrained to recommend that responsibility be fixed on the concerned for such a dilapidated state of affairs of the Company.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Para No. 3.11)

The Committee are dismayed to note the steady decrease in the allocation over the last five years under the SJSRY. Only about 50 per cent of funds allocated during the 9th Plan Period were utilised under the Scheme. The Committee are not satisfied with the reply of the Department that the decreasing allocations of funds is not an indicator of poor performance of the Scheme since the States/UTs are having unspent balances from old UPA Programmes to the tune of Rs. 299.14 crore with them. The Committee have also taken serious view of the fact that some States have diverted the funds of SJSRY. The Committee recommend that corrective steps be taken to reduce the unspent balances with the States/UTs and release the funds under SJSRY either by modifying the existing allocation procedure or by adopting new procedure. The Committee further recommend that the Government should also take strict action to stop the diversion of funds under SJSRY and for recoupment of already diverted funds and the measures adopted in this regard be intimated to the Committee.

Reply of the Government

To ensure better and result-oriented utilization of funds and for effective implementation of the scheme, modifications in the guidelines of the scheme are being processed. Further, the monitoring mechanism for implementation of this scheme has also been tightened. The Programme is monitored vigorously through Quarterly Progress Reports. On account of vigorous monitoring of the scheme at various levels in the Ministry, the unspent funds available with the States have been gradually coming down year after year, in spite of the fresh releases made to the States/UTs. Year-wise details of unspent balances, including the state share, are as under:

(Rs. in crores)

Year	Unspent balances
1999-2000	582.43
2000-2001	487.41
2001-2002	356.25
2002-2003	306.00

Incidentally, the process of revision of the guidelines of the scheme – Swarna Jayanti Shahari Rozgar Yojana (SJSRY) – is in hand and the States have also been consulted on the issue. A meeting with the State representatives and the representatives of Reserve Bank of India was also held on the issue on 29 April 2003 under the Chairmanship of Secretary (UEPA) to finalize the draft modifications.

As regards diversion of funds under SJSRY, it is brought to the kind notice of the Hon'ble Committee that strict instructions to stop diversion of funds and for 100% recoupment of funds if earlier diverted, has already been issued to all the States /UTs. [Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Comments of the Committee

[Please see Para No. 9 of Chapter I of the Report]

Recommendation (Para 3.15)

The Committee note that under SJSRY, the States/UTs fix the physical targets based on the Central allocations provided to them on yearly basis and result of the beneficiaries surveys conducted by them. The Committee desire that house-to-house surveys in remaining towns, where survey is not yet complete, should be completed at the earliest for the identification of beneficiaries, and services of NGOs can also be utilised for this purpose. The Committee also desire that the States/UTs, which are not performing well, should be encouraged to improve their performance and the Government should also see that the physical progress made by States/UTs is in consonance with the funds made available to them.

Reply of the Government

The matter regarding completion of house-to-house survey in the remaining 230 towns has been taken up vigorously with the concerned State Governments to complete the exercise expeditiously. A statement showing details of number of towns where house-to-house survey has been completed/is yet to be completed, is placed at *Annexure-I* for the kind perusal of the Hon'ble Committee. In regard to participation of NGOs, it is stated that a proposal to utilise their services under the scheme has been incorporated in the draft Expenditure Finance Committee (EFC) memo on the modifications of the scheme guidelines. All efforts are being made to persuade and encourage the concerned State Governments to improve their performances. The physical and financial progress made by the State is regularly monitored with respect to the releases made to them. In this regard, a meeting was also held on 29.04.2003 under the Chairmanship of Secretary (UEPA) with the concerned State Secretaries/Representatives and representative of Reserve Bank of India. With vigorous monitoring at the various levels in the Ministry, the unspent balances available with the States/UTs have reduced from Rs.356.25 crore as on 31 March 2002 to Rs.306.00 crore as on 31 March 2003.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Comments of the Committee

[Please see Para No. 12 of Chapter I of the Report]

Recommendation (Para No. 3.16)

The Committee during their study visits noticed that beneficiaries were not properly informed about the innovative and profitable Schemes under different component of SJSRY, because of which benefits could not accrue to those people for whom it is meant, thereby defeating the very purpose of the Scheme. The Committee desire that wide publicity should be given for the innovative and profitable schemes under different component of SJSRY through an identified body at the urban, local/community level, so that different component of SJSRY schemes may gain desired momentum.

The Committee note that under Urban Self Employment Programme, micro-enterprises with a maximum unit cost of Rs. 50,000/- can be set up. The Committee feel

that the guidelines of the Scheme should be reviewed with a view to enhance the maximum unit cost for setting up micro-enterprises.

Reply of the Government

The point of wide publicity about the different components of SJSRY was also discussed in a meeting held in the Planning Commission on 27.05.2002. It was suggested therein that the State level conference of various Self-Help Groups/Neighbourhood Committees/Community Development Societies should be convened to generate awareness about the scheme. Accordingly, this Ministry has written to all States/UTs to take immediate action in this regard. The matter is being pursued consistently with the States/UTs. As regards enhancement of the maximum unit cost for setting up of micro-enterprises is concerned, it is brought to the kind notice of the Hon'ble Committee that this point has been considered and already included in the revised Expenditure Finance Committee (EFC) Memo drafted for modifications of the SJSRY guidelines.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 3.21)

The Committee note that the Scheme is being monitored through quarterly progress reports and periodical review meetings and also the revision of SJSRY guidelines is at an advance stage of finalisation. The Committee hope that keeping in view the performance of Scheme since its inception and the problems being faced by the States/UTs in implementing the Scheme, the Government in close coordination and consultations with States/UTs and all agencies involved in the implementation of the Scheme, would make the Scheme more attractive, realistic and feasible. The Committee desire that the Government should implement the revised guidelines of the Scheme in consultation with States/UTs for the betterment of urban poor beneficiaries without any further loss of time.

Reply of the Government

The issue of the revision of the scheme guidelines was discussed with the concerned State Secretaries/State representatives/representative of Reserve Bank of India in the meeting held on 29 May 2003 under the Chairmanship of Secretary (UEPA). On the basis of the discussions/consultations with the State representatives, revised draft EFC

Memo has been prepared and the Government is hopeful that modifications in the SJSRY guidelines shall be carried out expeditiously.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 3.26)

The Committee note that to ameliorate the condition of the shelterless and pavement dwellers in the cities with over one million population, the Night Shelter Scheme is being implemented through HUDCO's assistance since 1990-91. The Committee also note that financial assistance (subsidy) has been enhanced from Rs. 1000/- per capita to 50% of the per capita ceiling cost of the night shelters limited to Rs. 20000/- and pay and use toilet components have been delinked and merged with VAMBAY.

Recommendation (Para 3.27)

The Committee express their deep displeasure with the reply of the Department that during the year 2001-2002, no expenditure was incurred on the Night Shelter Scheme as the scheme was not attractive. The reply of the Department is unacceptable since they themselves have formulated the guidelines and the Scheme is in operation since 1990-1991. When a Scheme is launched, it should be ensured that the same is acceptable to the beneficiaries in all respects. By not incurring the expenditure simply on the plea that it was not attractive, the Government had deprived many, who could have been benefited by the Scheme. Such an explanation is ludicrous and cast adverse aspersion on those who plan. The Committee desire that the Ministry in close coordination and consultations with State Governments should further modify the guidelines of the Scheme, in order to make it more attractive and practicable, so that States/UTs submit more projects to the Central Government and the funds earmarked for this Scheme are optimally utilised. The Committee also desire that Government should also increase budgetary support to such an important scheme keeping in view the abject conditions of shelter less people in metro cities.

Reply of the Government

The guidelines of Night Shelter and Pay & Use Toilet Schemes were modified in October 2002 and are proposed to be further modified to make it more attractive so that more proposals from State Government's may come. In that direction a meeting with

States dealing with the schemes alongwith NGOs is fixed for 22.7.2003. Recently two Night Shelter Schemes have been received from Government of Chattisgarh and Government of Jammu and Kashmir. The project proposal of Government of Chattisgarh is being placed before Project Sanctioning Committee for its meeting to be held shortly. A demand from HUDCO has also been received for release of Rs. 5 crores under the said Scheme for the current financial year for implementing the ongoing projects. This is under process as per rules.

The observation of the Hon'ble Committee to increase the outlay for this important Scheme have been noted for compliance, and would be taken up with Ministry of Finance keeping in view the actual requirements in future.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Comments of the Committee

[Please see Para No. 15 of Chapter I of the Report]

Recommendation (Para 3.32)

The Committee note VAMBAY was launched with a budget provision of Rs. 69.00 crore provided out of the savings of the Departmental budget during the year 2001-2002, whereas release reported during the 2001-2002 was Rs. 73.56 crore. In the year 2002-2003 Rs. 256.85 crore was provided whereas actual expenditure upto 15.03.2003 was Rs. 181.38 crore only. The BE for the year 2003-2004 has been fixed at Rs. 500 crore. The Committee desire that realistic assessment of the funds for the scheme should be made and fund be allocated accordingly.

Reply of the Government

The recommendations of the Hon'ble Committee have been noted for compliance. [Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 3.33)

The Committee are not satisfied with the reply of the Department that the scheme being demand driven, no targets are fixed. In fact, the targets have already been fixed when Hon'ble Prime Minister announced that one lakh dwelling units will be constructed during the current financial year. Without fixing the target, nothing can be achieved.

Keeping in view the ever increasing slums in big cities, the Committee feel that it is absolutely essential to fix a target for assessment of implementation of a scheme and to make the cities slumless within a fix period of time. Government, if found feasible, should involve NGOs in this field as the Maharashtra Government has done for Mumbai slum areas.

Reply of the Government

The recommendation for fixation of physical targets has been accepted. In fact, during 2002-03 also physical target for construction of 1 Lakh Dwelling Units under the scheme was fixed. Further, physical targets for construction of 1,06,000 dwelling units for the current year 2003-04, has also been fixed. As per the scheme guidelines, States can involve NGOs in the process of selection of beneficiaries as also in the maintenance of community toilets under the Programme. During the review meeting conducted by Secretary (UEPA) on 23.05.2003, with the Nodal Officers of various States/UTs, this issue was discussed in detail. Consequently, States/UTs were requested to forward their comments/suggestions on the specific role of NGOs in the effective implementation of the scheme.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 3.36)

The Committee note that the VAMBAY Scheme is being monitored at the National Level through regular review meeting at Secretary/Joint Secretary levels with the State Government Secretaries/nodal officers. Besides, the Committee note that the Core groups from HUDCO have also started visiting the States for overseeing the implementation of the programme. The Committee would like to know the outcome of the above move by HUDCO. The Committee would also like to know the States which have formed State level monitoring Committee in pursuance of the order of Government of India. The Committee desire that the evaluation study of the Yojana should be conducted by the Indian Institute of Public Administration (IIPA) and other renowned agencies which have the competence. There should be monitoring at the higher level i.e. the Central Government should have interaction with the concerned State Ministers

atleast twice in a year before finalisation of the budget allocation for different Centrally Sponsored Schemes including VAMBAY.

Reply of the Government

HUDCO had constituted four core teams, one each for East/North, East, West, North and South Zones to work out strategies and modalities for the effective implementation and monitoring of VAMBAY scheme. The teams have been working on the following parameters.

- * To review the present status of VAMBAY schemes in the States.
- * To identify the bottlenecks/constraints in implementation of VAMBAY schemes and remove the same.
- * To explore the potential for additional projects to be taken up under VAMBAY schemes and get projects under VAMBAY expedited from State Government/State agencies.
- * To identify the progress regarding nomination of nodal officers from the State Government for coordination of VAMBAY scheme.

These teams have visited various States and had held detailed discussions with the representatives of the State Government/Implementing agencies and also held interaction on the scheme guidelines and mode for formulation of VAMBAY schemes. The State Level Monitoring Committees are yet to be constituted. VAMBAY, launched only in December 2001, is relatively a new Scheme and it is too early to conduct an evaluation study. However, as recommended by the Committee, evaluation of the scheme will be conducted in due course through reputed agencies like IIPA. As regards recommendation on the monitoring of the scheme at State Ministers level, the recommendation has been noted.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Comments of the Committee

[Please see Para No. 18 of Chapter I of the Report]

Recommendation (Para No. 3.37)

The Committee note that some difficulties are being faced by the States/UTs in implementing VAMBAY. They desire that the guidelines of the Scheme should be

modified in consultation with the State Governments, keeping in view the difficulties being faced by them so as to ensure that VAMBAY does not meet the fate of other poverty alleviation schemes of the Department. The definition of BPL in urban areas, as people earning Rs. 454.11 per month, is very low. As such it is necessary to include in the Scheme, those groups that are Above Poverty Line, but living in slums and qualify as economically weaker sections. As such, the Committee recommend that VAMBAY should also be extended to all people living in slums, including SCs/STs and APL. This is the only way to ensure that metropolitan cities with high percentage of slum pockets are benefited in reality rather than the Scheme remaining on paper.

Reply of the Government

The process of modification of VAMBAY guidelines, in consultation with the States Governments, has already been initiated. In fact, in a review meeting held in this regard on 23.05.2003 under the Chairmanship of Secretary (UEPA) with the participation of State Nodal Officers, it has been decided to identify the target families on a cluster-based approach, including APL families, living in slums. States were also requested to forward their comments on the modification of the guidelines.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 3.45)

The Committee note that since the inception of the NSDP programme in 1996-97 and upto 01.01.2003, out of the total funds of Rs. 2009.87 crore released by the Central Government, an amount of Rs. 1386.55 crore has been spent and about 3.48 crores of slum dwellers have benefited from NSDP. When calculated in real terms, in a period of six years, this amounts to Rs. 66 per person per annum. It is outrageous to suggest that this amount can ever be considered sufficient to achieve the targeted objective of the programme, which is upgradation of slums. In order to ensure that this issue is addressed with the urgency, it requires, so that citizens of the country are rescued from living in sub human conditions, the Committee recommend that Additional Central Assistance released should be realistic and based on the targets of upliftments of urban slums dwellers and the money released should be fully utilised so that NSDP is successfully

implemented and slum dwellers get really benefited from this programme. The Committee also recommend that the Ministry should impress upon the Planning Commission to expedite the evaluation study of NSDP in order to analyse the real impact of the programme on the living conditions of urban slum dwellers so that the short falls and lacunae noticed during the 9th Plan Period in NSDP may be corrected/plugged during the 10th Plan Period.

Reply of the Government

Under the National Slum Development Programme (NSDP), funds are provided as an Additional Central Assistance (ACA). Besides the States are provided funds under State Plan for this purpose. Further the funds are provided under various other Schemes such as Environmental Improvement of Urban Slums (EIUS), Valmiki Ambedkar Awas Yojana (VAMBAY) etc. All these funds are meant for people below the poverty line who also constitute the slum dwellers. However, the Committee's recommendation that Additional Central Assistance released should be realistic and based on the targets for upliftments of urban slum dwellers and the money released should be fully utilised so that NSDP is successfully implemented and slum dwellers get really benefited from this programme has been noted and will be brought to the notice of the State Governments. The States are also being separately requested to ensure full utilisation of funds for the recommendation of the Committee "that the Ministry should impress upon the Planning Commission to expedite the evaluation study of NSDP in order to analyse the real impact of the programme on the living conditions of urban slum dwellers so that the shortfalls and lacunae noticed during the 9th Plan Period in NSDP may be corrected/plugged during the 10th Plan Period" has been noted. Planning Commission was requested in January 2003 to conduct the impact assessment study of various Programmes/Schemes including NSDP. In May 2003 the Commission was again requested to expedite the evaluation study of NSDP.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 3.46)

The Committee note that Draft Slum Policy is still pending with the Ministry. They desire that keeping in view the directions of the Hon'ble Supreme Court and Delhi

High Court and also in consultation with the Planning Commission, the Ministry of Law & Justice, State Governments and NGOs, the Government should finalize the Draft Slum Policy at the earliest. The absence of policy in great measure is responsible for the sorry state of affairs, the way the slums are increasing.

Reply of the Government

Draft National Slum Policy, *inter-alia*, envisages granting tenure on ‘tenable sites’ owned or sites acquired by the Government (from private persons) and also in the resettlement/rehabilitation sites. Further, the draft policy endorses upgrading and improvement in all slums instead of the concept of slum clearance which is to be resorted in extreme cases of public policy. The recent directions of the Hon’ble Supreme Court and the Delhi High Court may be in conflict with regard to the grant of tenure on government lands. The Courts’ directions may come in the way of upgrading and improvement approach in respect of existing slums. The matter is being examined further. The directions of both the Courts concerning slum issues are given below:

Issues arising out of Supreme Court and Delhi High Court’s directions

1. Writ Petition (c) number 888 of 1996 of the Supreme Court dated 15.02.2000 in the case of Almitra. H. Patel & Anr. Vs. Union of India & Ors.
2. The Hon’ble Supreme Court *inter-alia* directed as under:

“We direct Union of India through the Ministry of Urban Development, Government of National Capital Territory of Delhi, Commissioner of MCD, Chairman NDMC and other statutory authorities like DDA and Railways to take appropriate steps for preventing any fresh encroachment or unauthorised occupation of public land for the purpose of dwelling resulting in creation of a slum. Further appropriate steps be taken to improve the sanitation in the existing slums till they are removed and the land reclaimed.”

3. High Court of Delhi & New Delhi Judgment C.W. Number 4441 of 1994 dated 29.11.2002 in the case of Okhla Factor Owners Association Vs Government of NCT Delhi and others.

“The cut off date should be maintained as 31.1.1990 and verification should be carried out of the entire person who has been allotted alternative sites...”

“No alternative sites are to be provided in further for removal of persons who are subsequently on public land.”

“Encroachment and squatters on public land should be removed expeditiously without any pre-requisite requirement of providing them alternative sites before such encroachments is removed or cleared.”

The Department of Urban Development has filed Special Leave to Appeal in the Hon’ble Supreme Court against the judgment of Delhi High Court in case of Union of India Vs. Okhla Factory Owners’ Asson. & Ors. On 3.3.2003. The Supreme Court has directed that “interim stay shall continue except that the Authority may allot land. However such allotment would clearly specify that the allotment would be subject to the result of the petitions.”

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 3.49)

The Committee note that Development of Indicators’ programme is meant for development of Urban Indicators, basically for collection of data on Urban Indicators, conducting of surveys as well as monitoring and evaluation of the programme, setting up of National Urban Observatory at Towns and Country Planning Organisation (TCPO) and also Local Urban Observatories. The Committee recommend that priority is given for taking the necessary steps for setting up of six Local Urban Observatories during the year 2003-2004 itself so that the correct data-base is available with the Government to finalise Urban Poverty Alleviation and Housing Schemes. Without correct data-base, realistic budgetary support can not be given.

Reply of the Government

In the first phase (2001-2002), TCPO has conducted studies for 12 towns by assigning pilot studies to the following agencies: 1. Gurunanak Dev University, Amritsar. For Amritsar and Patiala 2. Centre for Rural and Urban Studies and Training (CRUST), Hyderabad for Hyderabad and Guntur. 3. School of Architecture and Planning (SAP), Anna University, Chennai for Thiruvanamalai and Villipuram. 4. Institute of Development Studies (IDS), University of Mysore for Mysore and Mangalore. The India National Trust for the Welfare of Tribals (INTWOT), Delhi for Faridabad and Sonapat. TCPO also conducted study or Dehradun and Jaipur. In the second phase TCPO had already assigned pilot studies to eleven agencies for two towns each and a Workshop on National Urban Observatory was organised on 4 July 2003 for having wider consultations and discussions on the Findings, Recommendations and Plan of Action identified for the Urban Observatory. There is a provision of Rs. 20 lakhs under the Development of Indicators Programme for the year 2003-2004. Therefore even though setting of Local Urban Observatories is an integral part of the programme, it is difficult to make a commitment that six LUOs will be established in 2003-04. Therefore even though setting of Local Urban Observatories is an integral part of the programme, it is difficult to make a commitment that six LUOs will be established in 2003-04 itself with this budget provision. Moreover Planning Commission does not seem to be inclined to continue the Urban Indicators as a separate scheme and has desired that the Scheme of Development of Urban Indicators be integrated with other data collection scheme of Department of Urban Development *viz.* Urban Mapping Scheme or National Urban Information System to have only one scheme. This is being considered. Further, Local Urban Observatories (LUOs) have been established at Bangalore and Alwar without any assistance from this Ministry.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 4.5)

The Committee note that housing is a State Subject. It is for the State Governments to draw their own action plans to address the housing problems in their States. Central Government only aims to create an enabling environment by removing

the legal, regulatory, technical and financial constraints faced by the housing sector. The Committee feel that keeping in view the enormous housing shortage of 22.44 million units and investment requirement to the tune of Rs. 401445.19 crore during the 10th Plan Period, the Central Government should encourage strong partnership between private, public, NRIs and Cooperative Sectors to enhance the capacity of housing Sector in true sense, as Central Government alone cannot mobilise this enormous housing requirement. The Central Government should take all steps for optimum utilisation of available funds. The Committee further feel, though the housing is a State Subject, in order to meet the shortage of housing units in the country, the Central Government should encourage and provide incentives to the State Governments, private and Cooperative Sectors to fulfil this prioritised cause of housing sector.

Reply of the Government

In order to meet the Housing shortage Central Government is taking various measures as brought out hereunder:

Removal of legal and regulatory constraints to housing activities and creation of an enabling environment through fiscal concessions to promote investment in Housing by the households, cooperative and private builders to promote cost effective technology, provision of Housing Finance at affordable rate, promotion to Cooperative Housing etc.

As a premier Housing Financial institution HUDCO, has so far provided Housing loans to the extent of Rs. 21252 crores. In addition HUDCO is also providing loan for provision of basic infrastructure like water supply, sewerage, drainage as also for development of social and commercial infrastructure to the tune of Rs. 28054 crores so far as loan for Urban Infrastructure.

Apart from HUDCO thirty other Housing Financial Institution, Public Sector Banks and Cooperative Banks are also providing finance for Housing at affordable rates.

Government is engaged in promotion of cost effective building materials through excise concession. Some concession are available on import of machinery and equipments for producing building material out of fly ash, gypsum etc. and well as wood substitutes.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 4.8)

The Committee note that HUDCO is the only Housing finance institution in the country which earmarks substantial portion of its loaning operation for weaker sections. Loans for EWS/LIG housing programmes are given at comparatively lower rates of interest which is below the cost of resources raised by the company. The Committee further note that an allocation of Rs. 5 crore is being made under Non Plan head since 1999-2000 onwards for providing interest subsidy to HUDCO. In the subsequent years, no amount could be released to HUDCO as interest subsidy, as Ministry of Finance raised certain objections to this subsidy. The Committee recommend that in order to make Two Million Housing Programme viable in the long run, the Ministry should impress upon the Ministry of Finance to provide interest subsidy to HUDCO to compensate for loss of HUDCO incurred in EWS/LIG Housing. Meanwhile, the Ministry of Urban Development and Poverty Alleviation should make provision for interest subsidy to HUDCO from the Departmental savings.

Reply of the Government

The view of the Committee has been noted and the possibility of implementation of the recommendation will be taken up with Finance.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Recommendation (Para No. 5.5)

The Committee note that the company has an accumulated loss of Rs. 60 crore as on 31.3.2002, and the estimated net worth of the company as on 31.3.2002 is (-) Rs. 53.62 crore. The Committee would like to know whether HPL has been incurring losses since its inception. If not, since when this loss has started accumulating and what remedial measures had been contemplated to turn the loss making Company into a profitable one. The Committee should be informed in detail about the factors responsible for such dilapidated condition of the HPL. It is understood that an allocation of Rs. 4.79 crore has been provided in BE 2003-2004 for voluntary Retirement Scheme (VRS) and other purposes. The Committee also note that a draft Cabinet Note has been prepared to decide about the future operation of HPL. They, therefore, recommend that Government

should take an early decision about the future operations of HPL and intimate the Committee in this regard at their earliest.

Reply of the Government

1. Details of the Government

- * As on 31.3.2002 the accumulated loss is approx. Rs. 73.32 crores and net worth is in minus Rs. 66.34 crores (subject to audit).
- * Since 1955-56 to 1973-74 HPL made profit. From the year 1965-66 to 1971-72 HPL paid dividend to the Government. Since 1974-75 till 2002-03 the company incurred loss except in the year 1979-80, 1980-81, 1981-82, 1988-89, 1990-91, 1991-92 and 1992-93.

2. Remedial Actions to make company profitable:

- * To reduce the wage overheads, the company (HPL) has introduced the Voluntary Retirement Scheme in 1988-89 and 687 employees have taken Voluntary Retirement till 31.5.2003.
- * Government has imposed a ban on recruitment since 19.5.1993.
- * Overall manpower strength has come down from 1447 as on 1.4.89 to 440 regular employees as on 31.5.2003.

3. The factors responsible for such dilapidated condition of HPL:

- * Technology has not been recharged.
- * Plant and machinery are old and obsolete.
- * Limited consumer base for factory products like railway sleepers (Rlys) and PCC poles (State Electricity Boards).
- * Low contribution, surviving on budgetary support only.
- * Lack of level playing field for PSU *vis-à-vis* Pvt. as PSU are subject to various audits and statutory requirements.
- * The Competitors are in private sectors who enjoy the benefits of small scale, concessional excise-duty, sale tax, location and state preferences.
- * Ban on direct recruitment resulting in mis-match in production workers gang and shortage of technocrats and professionals.
- * Cost of manpower is very high and not compatible with the industrial norms.

- * Voluntary Retirement Scheme is not attractive.
- * Heavy interest burden on Government Loans.
- * Equity is Rs. 6.97 crores only. The debt equity ratio is very high.
- * Due to operational losses net worth is in minus.

4. Recommendation of Committee for early decision:

The Cabinet Note for future operations of HPL had been circulated to various concerned Department/Ministries for their comments. The comments of these Ministries/Department have been obtained. The matter will go to Cabinet early for their decision.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Comments of the Committee

[Please see Para No. 21 of Chapter I of the Report]

CHAPTER III

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

Recommendations (Para No. 2.6)

The Committee note that the overall Budget Estimate of the Department of Urban Employment and Poverty Alleviation for the year 2003-2004 is Rs. 641.99 crore both Plan and Non Plan. The respective provisions on the Revenue and Capital sides are Rs. 355.10 crore and Rs. 286.89 crore. The break-up of Plan and Non-Plan provision is Rs. 625.00 crore and Rs. 16.99 crore, respectively. The Committee further note that Revenue Section on Plan side has been reduced in BE 2003-2004 *vis-à-vis* BE 2002-2003 as decided by Planning Commission. However, corresponding funds under Capital Section on Plan side have been provided in BE 2003-2004. There is increase of Rs. 65.85 crore under Capital Expenditure on Plan side in BE 2003-2004 *vis-à-vis* RE 2002-2003 for the existing scheme. Thus there is no increase in BE 2003-2004 over the BE 2002-2003. Further more, taking into consideration the increase in inflation rate, there is decrease in BE 2003-2004 over the BE for the year 2002-2003 in absolute term. The Committee feel that the Department has done financial jugglery just to give an impression that there is no

decrease in BE 2003-2004 over the BE 2002-2003 first by reducing Revenue Section on Plan side and then correspondingly increasing allocation under Capital Section on Plan side in BE 2003-2004 which clearly depict that the poverty alleviation schemes of the Department are not performing well. They recommend that the projection of funds should be based on realistic assessment of the schemes/programmes of the Department.

Reply of the Government

The plan allocation of the Department for 2003-2004 has been maintained at the same level of BE 2002-2003 i.e. Rs. 625 crores. Thus, there is no increase in 2003-2004 over the BE for 2002-2003. However, if one were to view it in terms of increase in the rate of inflation, then there would be a decrease in 2003-2004 as compared to 2002-2003 in absolute terms.

As submitted to the Committee, earlier, at the time of examination of demand for grants, the increase in the Capital Section of the Plan was necessitated mainly by the following two reasons:

- (i) Since the expenditure of this Department in the North-Eastern Region is mostly under Capital Section, it was decided that most of the provision of 10% of the gross budgetary support (Plan allocation) earmarked for the North-Eastern States should be shown under Capital Section. Accordingly, for the current shown under Capital Section. Accordingly, for the current financial year (2003-2004), out of the total of Rs. 62.50 crores (representing 10% of the gross budgetary support-plan), meant for NER States and Sikkim, Rs. 61.50 crores was kept under Capital Section of the budget. This necessitated a reduction in the Revenue Section by Rs. 30.25 crores as compared to BE 2002-2003.
- (ii) The provision for equity contribution to HUDCO has been raised from Rs. 180 crores to 215.60 crores during 2003-2004. This increase was necessary as the National Housing Bank stipulated an increase in the Capital Adequacy Ratio from the prevailing 10% to 12%.

As the size of the annual plan for 2003-2004 has remained at the same level, i.e., Rs. 625 crores, the increase of Rs. 35.60 crores in the budget for equity contribution to HUDCO had resulted in reduction in the allocation of budget for the other schemes of the Department by a matching amount. It would, thus, be appreciated that there has been no financial jugglery.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt.
Dated 31.7.2003]

CHAPTER IV

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

Recommendations (Para No. 2.7)

The Committee are further constrained to note the reply of the Government that the reason for release of funds in the last quarter by the Department in various schemes is due to the insistence for utilisation certificates from States/UTs for the previous releases. In all cases, this seems to be one of the reasons for repeated underspending. As such, the Committee desire that the Government should rationalise and streamline their procedure regarding allocation and release of funds to States/UTs under different Centrally Sponsored and Central Sector Schemes in such a way that there is no unnecessary accumulation of funds in the hands of States/UTs and at the same time, the implementation of the Schemes is not adversely affected and the flow of funds to and their utilization by the implementing agencies is regulated and monitored in an effective way. They, therefore, strongly recommend that in accordance with the suggestions made by the Committee during the oral evidence, the Government should adopt the same procedure for release of funds under various Centrally Sponsored Schemes of the Department of Urban Employment and Poverty Alleviation as in the case of Department of Rural Development. It is imperative that the suggestions/opinions of the States/UTs and other implementing agencies should be taken into consideration and there should be coordinating meeting atleast twice in a year between the Department and the States/UTs before finalizing the Schemes and allocation of funds is made to ensure that the Schemes are in consonance with the States requirements and are implemented or completed on time.

Reply of the Government

Under SJSRY, funds are considered for release to the States/UTs on receipt of Utilisation Certificates of previous releases, after earmarking the releases made in the one previous financial year, and after earmarking of the corresponding State Share by the concerned States.

After the issue of the instructions by the Ministry of Finance in February, 2000 and their reiteration by them on 18 November 2000, the Ministry have started insisting

upon the receipt of the Utilisation Certificates in respect of previous releases before releasing fresh grants to all States/UTs under all the Centrally Sponsored Schemes. The furnishing of Utilisation Certificates is insisted upon so that State Governments do not utilise Central funds for ways and means/salaries but utilise them on the Centrally Sponsored Schemes they are meant for. Most of the States/UTs furnish the Utilisation Certificates at the fag end of the financial year, *i.e.*, in the month of February and March, in spite of the repeated reminders from this Ministry, at the various levels. In view of this, the Ministry could release most of the allocated funds under SJSRY in the last quarter of the financial year. It may also be pointed out that when SJSRY scheme was launched in December, 1997, the erstwhile Schemes like NRY, UBSP &PMIUPEP were subsumed under one integrated urban poverty alleviation scheme called SJSRY and the unspent funds/balances available under these 3 Schemes were treated as opening balance under SJSRY. This opening balance on 1.12.1997 was to the tune of Rs. 554.67 crore. This included the Central share amounting to Rs. 269.38 crore, for which Utilisation Certificates had to be furnished and in the absence of which, it was presumed that the States had to be furnished and in the absence of which, it was presumed that the States had not spent the funds for the purpose for which these were meant. Even in March, 2003, the unspent/balance funds available with States/UTs amounting to Rs. 306.00 crore, which includes the Central funds amounting to Rs. 202.69 crore. Thus, unless UCs are provided by the concerned States against Central funds available with them, fresh funds cannot be released to them.

Further, Controller General of Accounts, Ministry of Finance, *vide* his DO letter No. 5/35/2000-MC dated 16.09.2002, had intimated that a Public Interest Litigation (Writ Petition No. 6413 of 2000) has been filed in the High Court of Delhi as well as Supreme Court about the pendency of huge number of Utilisation Certificates. The interim directions of the Hon'ble High Court of Delhi on the PIL are to the effect that no fresh grants be released unless utilisation certificates for the previous grant/grants are furnished. Ministry of Finance, in their latest instructions issued *vide* OM no.5/35/2002-MC dated 05.05.2003, have again emphasized that no fresh grants are to be released unless Utilisation Certificates for the previous grant/grants are furnished to avoid contempt of the Court and further litigation.

Regular coordination and review meetings with the States/UTs are held and their views and suggestions taken into account for implementations of the schemes. Hon'ble committee's recommendations to institutionalise the systems has been noted.

Since the funding pattern and procedure for release in the schemes of this Department are different from those of Rural Development, it is submitted that it may not be feasible for this Ministry to adopt the procedure of Rural Development while releasing funds.

[Ministry of Urban Development and Poverty Alleviation OM No. H-11013/2/2003-Bt. Dated 31.7.2003]

Comments of the Committee

[Please see Para No. 6 of Chapter I of the Report]

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

----- N I L -----

NEW DELHI;
19 December, 2003
28 Agrahayana, 1925 (Saka)

CHANDRAKANT KHAIRE
Chairman,
Standing Committee on
Urban and Rural Development

APPENDIX I

COMMITTEE ON URBAN AND RURAL DEVELOPMENT (2004)

EXTRACTS OF THE MINUTES OF THE THIRTIETH SITTING OF THE COMMITTEE
HELD ON FRIDAY, 19 DECEMBER 2003

The Committee sat from 1530 hours to 1630 hours in Committee Room 'C',
Parliament House Annexe, New Delhi.

PRESENT

Shri Chandrakant Khaire - Chairman

MEMBERS

LOK SABHA

2. Shri Haribhai Chaudhary
3. Shri Shamsher Singh Dullo
4. Shrimati Hema Gamang
5. Shri G. Putta Swamy Gowda
6. Shri Jaiprakash
7. Shri Hassan Khan
8. Prof. (Shrimati) A.K. Premajam
9. Shri Maheshwar Singh

RAJYA SABHA

10. Shrimati Prema Cariappa
11. Shri N.R. Dasari
12. Shri Ramadhar Kashyap
13. Shrimati Gurcharan Kaur
14. Shri Harish Rawat
15. Shri G.K. Vasan

SECRETARIAT

1. Shri N.K. Sapra - Joint Secretary

2. Shri K. Chakraborty - Director
3. Shrimati Sudesh Luthra - Under Secretary

2. At the outset, the Chairman, welcomed the members to the sitting of the Committee.

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3. The Committee then took up for consideration Memorandum Nos.8 regarding draft action taken report on the action taken by the Government on the recommendations contained in the Forty-Fifth Report (Thirteenth Lok Sabha) of the Committee on Demands for Grants (2003-2004) of the Ministry of Urban Development and Poverty Alleviation (Departments of Urban Development and Poverty Alleviation). After the deliberations the Committee adopted the draft report with slight modifications.

4. The Committee then authorised the Chairman to finalise the Report and present the same to Parliament.

The Committee then adjourned.

** Portion of the Minutes not related to the subject have been kept separately.

APPENDIX II

[*Vide* Para 4 of the Introduction]

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE FORTY-FIFTH REPORT OF
THE STANDING COMMITTEE ON URBAN AND RURAL DEVELOPMENT
(13th LOK SABHA)**

I.	Total number of recommendations	18
II.	Recommendations that have been accepted by the Government Para Nos. 3.11, 3.15, 3.16, 3.21, 3.26, 3.27, 3.32, 3.33, 3.36, 3.37, 3.45, 3.46, 3.49, 4.5, 4.8 and 5.5	16
	Percentage to the Total recommendations	(88.88%)
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies Para No. 2.6	1
	Percentage to Total recommendation	(5.56%)
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee Para No. 2.7	1

Percentage to Total recommendations (5.56%)

**V. Recommendations in respect of which final replies
of the Government are still awaited**

NIL

Percentage to Total recommendations (0%)