

THIRTIETH 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
(2001-2002)**

*[Action taken by the Government on the recommendations contained in the
Twenty-fourth Report of the Standing Committee on Urban and Rural
Development (Thirteenth Lok Sabha)]*

Presented to Lok Sabha on 13.3.2002

Laid in Rajya Sabha on 14.3.2002

**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2002/Phalguna, 1923 (Saka)

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

Shri Anant Gangaram Geete - Chairman

MEMBERS

LOK SABHA

2. Shri Mani Shankar Aiyar
3. Shri Ranen Barman
4. Shri Padmanava Behera
5. Shri Jaswant Singh Bishnoi
6. Shri Haribhai Chaudhary
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12. Shri Shrichand Kriplani
13. Shri Bir Singh Mahato
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27. Shri Chinmayanand Swami
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29. Shri D. Venugopal
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33. Shri N.R. Dasari
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35. Shri H.K. Javare Gowda
36. Shri Maurice Kujur
37. Shri Faqir Chand Mullana

38. Shri Onward L. Nongtdu
39. Shri A. Vijaya Raghavan
40. Shri Nabam Rebia
41. Shri Solipeta Ramachandra Reddy
42. Shri Man Mohan Samal
43. Shri Devi Prasad Singh
44. Shri Prakanta Warisa
45. Vacant

SECRETARIAT

1. Shri S.C. Rastogi - Joint Secretary
2. Shri K. Chakraborty - Deputy Secretary
3. Shrimati Sudesh Luthra - Under Secretary

INTRODUCTION

I, the Chairman of the Standing Committee on Urban and Rural Development (2002) having been authorised by the Committee to submit the Report on their behalf, present the Thirtieth Report on the action taken by the Government on the recommendations contained in the Twenty fourth Report of the Standing Committee on Urban and Rural Development (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Urban Development and Poverty Alleviation (Department of Urban Employment and Poverty Alleviation).

2. The Twenty-fourth Report was presented to Lok Sabha on 20th April, 2001. The replies of the Government to all the recommendations contained in the Report were received on 23rd July, 2001.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 27th February, 2002.

4. An analysis of the action taken by the Government on the recommendations contained in the 24th Report of the Committee (Thirteenth Lok Sabha) is given in *Appendix II*.

NEW DELHI;
11 *March*, 2002
20 *Phalguna*, 1923 (*Saka*)

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

CHAPTER I

REPORT

This Report of the Committee on Urban and Rural Development (2001) deals with the action taken by the Government on the recommendations contained in their Twenty Fourth Report on Demand for Grants (2001-2002) of the Department of Urban Employment and Poverty Alleviation (Ministry of Urban Development and Poverty Alleviation).

2. Action taken notes have been received from the Government in respect of all the 24 recommendations which have been categorised as follows:

- | | | |
|-------|---|--|
| (i) | Recommendations which have been accepted by the Government | 1.22, 1.23, 1.24, 2.20, 2.21, 2.32, 2.33, 2.48, 2.55, 2.66, 2.67, 2.71, 2.83, 2.84, 2.87, 2.95, 3.6, 3.12, 3.29, 4.5 and 4.10. |
| (ii) | Recommendations which the Committee do not desire to pursue in view of Government's replies | Nil |
| (iii) | Recommendations in respect of which replies of the Government have not been accepted by the Committee | 2.45 |
| (iv) | Recommendations in respect of which final replies of the Government are still awaited | 3.25 and 3.26 |

3. The Committee desire that final replies in respect of the recommendations for which only interim replies have been given by the Government should be furnished to the Committee within three months of the presentation of the Report.

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

A. Various bottlenecks faced in the implementation of SJSRY

(Recommendation Para No.2.20)

5. The Committee earlier recommended as under:

“The Committee note that SJSRY is a major scheme being implemented by the Ministry in a revised format w.e.f. 1.12.1997 in all States/UTs. They, however, regret to note that the implementation of the Yojana has not gained the desired momentum and is plagued with problems like decreasing allocation of fund at BE stage and the inability of the Ministry to fully utilise the amount provided in successive budgets to name a few. It is further observed that out of Rs.725 crore allocated during 1997-98 to 2000-2001, the actual expenditure was Rs.493.45 crore only (till 28 February, 2001). The Ministry stated that decreasing allocations are due to the States having huge unspent balances, which are hovering in the region of around Rs.500 crore during the last three years. Further, as against the release of Rs.375.87 crore by the Centre, the States have released only Rs.143.51 crore towards their share as on 28.2.2001. The Ministry also stated that low level of releases of funds could also be attributed to instructions of Ministry of Finance to link future releases with furnishing of UCs for past releases. The Committee are dismayed to find that inspite of all the above negative aspects, the Government assessed the utilisation of funds under the Yojana to be satisfactory. The Committee recommend that steps be taken to reduce the level of unspent balances with States at the earliest so that financial performance under the Yojana does not look gloomy.”

6. The Government in their reply stated as follows:

“States/UTs have been advised from time to time to step up utilisation of huge unspent balances with them, furnish utilisation certificates and report progress towards implementation of SJSRY through periodical returns. These aspects would also be vigorously followed with them to ensure better utilisation of yearly allocations.”

7. The Committee have not been informed why the Government assessed the utilisation of funds under the Yojana as satisfactory inspite of all the negative aspects. If the assessment is faulty, it will impinge on the targets to be achieved. It is time that a careful, serious and indepth analysis is made of the factors which had precluded the Yojana from getting the desired momentum.

B. Attitude of Banks towards the Yojana

(Recommendation Para No.2.21)

8. The Committee earlier recommended as follows:

“The Committee also note that under certain components of the Yojana, the involvement of the Banks and their participation in the implementation of the Yojana has still remained non-cooperative and negative. The Ministry have again attributed this attitude of Bankers to their huge non-performing assets. The Committee note that a number of meetings have been held by the Ministry with representatives of Banks and RBI etc., at the level of Secretaries and Minister. According to the Ministry, these steps, it is hoped would help in improving the matters. The Committee feel that urgent steps need to be taken to reform the attitude of Bankers to make the Yojana successful as desired by them in their 23rd Report (12th Lok Sabha) and 9th Report (13th Lok Sabha) on

Demands for Grants 1999-2000 and 2000-2001 of this Department. The Committee desire to be apprised of the action taken in the matter at the earliest.”

9. The Government in their reply stated as below:

“In pursuance of the last meeting held at the level of UD&PAM on 27.12.2000 with the State Ministers and the representative of Reserve Bank of India (RBI), necessary instructions have been issued to all the commercial banks by the RBI vide their letter dated 10th May, 2001 to encourage bankers and to make the Yojana successful.”

10. The Committee find that RBI has issued instructions to all commercial banks to encourage bankers and make the Yojana successful. They feel that issuing instructions through a letter will not be sufficient to motivate the bankers. The Government need to find out the reasons for the lackadaisical attitude/approach of the bankers towards the Yojana and find out ways and means for the proper implementation of the Yojana. The Committee were informed that the Regional Offices of Reserve Bank of India (RBI) at New Delhi, Guwahati, Mumbai and Bhubaneswar have since issued advice to the respective banks in their region to take effective steps to improve the performance under SJSRY Scheme. The Committee would like to know about the steps taken by the respective banks in the above region to improve the performance under SJSRY in pursuance of the instructions issued in May 2001.

C. Review of the guidelines of the Yojana

(Recommendation Para No.2.45)

11. The Committee earlier recommended as follows:

“The progress made under the Yojana is monitored through quarterly progress reports and periodical review meetings at the level of Secretary and Minister. Based on suggestions made by States *viz* enhancement of percentage of subsidy under Urban Self Employment Programme (USEP), increasing the training cost etc., the Ministry intended to modify the guidelines of the Yojana to improve the performance. A core group was also set up in December, 1999 to review the guidelines. However, the Planning Commission had some reservations in this matter on the ground that the Yojana had not been assessed for a sufficient period. The Committee further note that due to persistent demand of the implementing States and on the basis of suggestions made by them from time to time, it was decided to take up again the matter regarding modifications with the Planning Commission whose comments are still awaited. The Committee also note that a draft Cabinet note was prepared and circulated to concerned Ministries and Planning Commission for comments which have since been received. The Committee, therefore, recommend that no further time be lost in reviewing the guidelines of the Yojana so that the intended objectives of the Yojana are fully met. They further desire that the modification in the guidelines be made within three months of the presentation of this report. They would like to be informed of the action taken in this regard.”

12. The Government in their reply have noted as under:

“The view of the Committee has been noted respectfully.”

13. The Committee are unhappy with the manner in which the Government have replied to their recommendation. Though the report of the Committee recommending review of the guidelines was presented on 20.4.2001, the Government, have instead of stating action taken by them in this regard, preferred to note the recommendation. They urge again that with a view to enable the Yojana to achieve the desired objectives, the guidelines be modified without any further delay.

**D. Findings contained in review report of C&AG
(Recommendation Para No.2.55)**

14. The Committee earlier recommended as follows:

“The Committee are perturbed to note that C&AG’s draft review report points out certain shortcomings in the implementation of the Yojana namely diversion of substantial funds to other schemes, parking of funds in personal ledgers accounts, as also short releases to executing agencies by States. An amount of Rs.3582.86 lakh was diverted, Rs.9473.07 lakh was parked in personal ledger accounts and Rs.6004.62 lakh has been short released by States. The findings contained in C&AGs Report reveal that all is not well with the manner in which the Yojana is being implemented by the States and has also exposed gaping holes in the system of monitoring of the Yojana. Diversion of funds meant for a particular purpose cannot be viewed lightly though the Ministry has tried to condone it as a procedural error. This is a very serious matter and needs to be probed. The Committee would like to hear from the Ministry about the steps taken to obviate the recurrence of such lapses. The Committee desire that the defaulting States who have not yet furnished comments on draft review report of C&AG be directed to furnish their replies within a specified period and the Government should not be contented only with reminding the States. The Committee recommend that all these shortcomings be kept in view while the scheme’s guidelines are modified by the Government. They desire to be informed of the action taken in this regard.”

15. The Government in their reply stated as below:

“Chief Secretaries of defaulting States have been reminded by Secretary(UEPA).”

16. The reply given by the Government is vague, incomplete and smacks of a casual approach to the follow up of the serious observations/recommendations made by the Committee. Such a lackadaisical response to the recommendations of the Committee is a cause for concern. The Committee had taken a serious view of the diversion of funds meant for a particular purpose and observed that the same need to be probed. The Committee also desired to hear from the Ministry about the steps taken to obviate the recurrence of such lapse. Instead of addressing these aspects seriously, the Government have given a listless reply. The Committee would reiterate that the Government should seriously ponder over and analyse the issues raised in their recommendations and would expect to hear categorically on all aspects.

F. Progress of Night Shelter Scheme

(Recommendation Para No.2.71)

17. The Committee earlier recommended as under:

“The progress of the Night Shelter Scheme is monitored by the Ministry through periodic State-wise reports. The Ministry stated that for ensuring better performance, the scheme guidelines are being revised in consultation with the Planning Commission. It is also observed that the proposed revised guidelines seek to enhance the subsidy levels in both the night shelter and sanitation components from Rs.1000 to Rs.2000 and Rs.350 to Rs.1000 per user limited to 25 users per seat, respectively. The Committee hope when finalised, these features would definitely make the Scheme more attractive. The Committee desire that the draft modified guidelines which were circulated to concerned Ministries/ Departments for comments be finalised within three months of the presentation of this Report.”

18. The Government in their reply stated as below:

“It is now proposed to convene a meeting of the Expenditure Finance Committee chaired by Secretary (Expenditure). It is expected that the matter would be settled thereafter.”

19. The Committee in their earlier recommendation desired that the draft modified guidelines seeking to enhance the subsidy levels in both the Night Shelter and Sanitation components of the Yojana should be finalised within three months of the presentation of the Report. Even after lapse of about eight months after the presentation of the Report, the Government are still to convene a meeting of the Expenditure Finance Committee. They feel that such a serious issue is not being given due consideration by the Government. They reiterate their recommendation and would like that the modified guidelines are finalised without any further loss of time.

F. The release of funds under NSDP

(Recommendation Para No.2.95)

20. The Committee earlier recommended as under:

“The monitoring of NSDP is done by the Department of UEPA by seeking information in MIS proforma from all States/UTs on a quarterly basis. To make monitoring more effective, funds are released to States furnishing UCs. Besides, review meetings are also held at the level of Minister and Secretary of the Department. The Committee note that the slum development is hindered by the problems of security of tenure of the slum dwellers, lack of civic amenities like water supply, sanitation etc. and also the inability of municipalities in providing these civic amenities in the slums. The Committee further note that to mitigate the situation arising out of the problems of slums and solve the complexity of the present programme, the Ministry decided to place a draft cabinet note for making the NSDP a Centrally Sponsored programme with 100% grant and giving full control of the programme to the Ministry. The Committee, therefore, recommend that a firm and final decision regarding converting NSDP into a Centrally Sponsored Scheme with provision of disbursement of funds to SUDAs directly be

earnestly considered by the Government at the earliest to make NSDP a successful programme in ameliorating the sufferings of a vast majority of urban poor residing in slums of major cities/towns of the country.”

21. The Government in their reply stated as noted below:

“It has been decided at the level of Hon’ble Urban Development Minister that a new NSDP may be included in the Tenth Five Year Plan, instead of preparing a draft Cabinet Note and placing before the Cabinet for making National Slum Development Programme (NSDP) a Centrally Sponsored programme with 100% grant. Hon’ble Urban Development Minister has already spoken to Deputy Chairman, Planning Commission in this regard.

Accordingly the Secretary (UEPA) has taken up the matter with Planning Commission in May, 2001 for making NSDP a new Centrally Sponsored Scheme with 100% grant. It has also been emphasised that the slum population is increasing by leaps and bounds, and in order to provide adequate and satisfactory basic amenities to a large population of the slum dwellers, it is desirable that the current allocation of Rs.365.81 crores be increased to Rs.1000 crores gradually.”

22. While noting the reply furnished by the Government that the Secretary, UEPA has since taken up the matter with the Planning Commission to make NSDP a Centrally Sponsored Programme with 100% grant, the Committee desire that the said scheme is taken up at the earliest. They hope that adequate allocation, as proposed by the Ministry, is agreed to by the Planning Commission.

G. Viability of two Million Housing Programme

(Recommendation Para Nos.3.25 and 3.26)

23. The Committee earlier recommended as under:

“The Committee note that HUDCO is the only facilitator on behalf of the Government to implement the housing programmes for EWS/LIG sections of the society both under the normal and additional two million housing programmes. The Ministry has been making a provision BE of Rs.5 crore from 1998-99 to enable HUDCO to meet the interest differential of the cost of borrowing funds vis-à-vis its lending cost, after the launch of the additional Two Million Housing Programme. However, the utilisation has been ‘NIL’ in this regard due to opposition of the Ministry of Finance and that funds could be utilised only with the approval of the Cabinet. According to the Ministry, HUDCO is incurring a loss of around Rs.43 crore annually on account of the Two Million Housing Programme alone as HUDCO has not been given any additional support on this account. They further note the submission of the representative of HUDCO during evidence that at this rate, the cumulative losses of HUDCO over a 15 year period could touch about Rs.1500 crore making this public sector organisation sick. They pleaded that unless a subsidy of a high order is given to HUDCO, the scheme would become unviable in the long run.

(Recommendation Para No.3.25)

x x x..... In view of the above and in the event of the proposal of subsidy not finding favour with the Government owing to its state of finances, the Committee recommend that the 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 being implemented by HUDCO. They desire to be informed of the steps taken in this direction.”

(Recommendation Para No.3.26)

24. The Government in their reply stated as under:

“HUDCO has been provided an interest subsidy of Rs.5 crore during 2000-2001. However, this is subject to the approval of the Cabinet and it is also for victims of natural calamities. Apart from the subsidy, a proposal has been under consideration to increase the interest rates for EWS category so as to match the borrowing cost of funds by HUDCO. However a final decision has not been taken in this regard. The matter will be pursued as directed by Committee to ensure maximum assistance to HUDCO through different means, to combat HUDCO’s loss under the subsidised Housing Programme.”

25. The Committee note the reply of the Government that a proposal to increase the interest rates for EWS category so as to match borrowing cost of funds by HUDCO is under consideration of the Government. The Committee would like to be apprised of the details of the rate of interest being charged at present and the proposed rate of interest for EWS Category before commenting on the Government’s stand. They also find that the Government have not responded to their proposal to issue tax-free bonds to mop up funds for HUDCO. They would like to be apprised of the reaction of the Government to the said proposal of the Committee.

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE TWENTY FOURTH REPORT
OF THE STANDING COMMITTEE ON URBAN AND RURAL DEVELOPMENT
(13TH LOK SABHA)**

I.	Total number of recommendations	24
II.	Recommendations that have been accepted by the Government Para Nos.1.22, 1.23, 1.24, 2.20, 2.21, 2.32, 2.33, 2.48, 2.55, 2.66, 2.67, 2.71, 2.83, 2.84, 2.87, 2.95, 3.6, 3.12, 3.29, 4.5 and 4.10	21
	Percentage to the total recommendations	(87.5%)
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies	Nil
	Percentage to the total recommendations	-
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee Para No. 2.45	1
	Percentage to the total recommendations	(4.17%)
V.	Recommendations in respect of which final replies of the Government are still awaited Para Nos. 3.25 and 3.26	2
	Percentage to the total recommendations	(8.33%)