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**STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(1995-96)**

TENTH LOK SABHA

**MINISTRY OF URBAN
AFFAIRS & EMPLOYMENT**

NEHRU ROZGAR YOJANA

TWENTIETH REPORT



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**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1995/Agrahayana, 1917 (Saka)

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MINISTRY OF URBAN AFFAIRS & EMPLOYMENT

[Action Taken by the Government on the recommendations contained in the
Tenth Report of the Standing Committee on Urban & Rural Development
(Tenth Lok Sabha)]

Presented to Lok Sabha on 1..... 22 DEC 1995
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LOK SABHA SECRETARIAT
NEW DELHI

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CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
COMPOSITION OF THE SUB-COMMITTEE III	(v)
INTRODUCTION	(vii)
CHAPTER I Report	1
CHAPTER II Recommendations that have been accepted by the Government	20
CHAPTER III Recommendations which the Committee do not desire to pursue in view of the Government's replies	- 33
CHAPTER IV Recommendations in respect of which replies of the Government have not been accepted by the Committee	35
CHAPTER V Recommendations in respect of which final replies of the Government are still awaited	39

APPENDICES

I Minutes of sittings of Sub. Committee III, and Committee on Urban & Rural Development held on 9.10.1995 & 6.12.1995	42
II. Analysis of Action Taken by Government on the recommendations contained in the 10th Report of Committee on Urban & Rural Development (Tenth Lok Sabha)	48

STANDING COMMITTEE ON URBAN & RURAL
DEVELOPMENT (1995-96)

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* Ceased to be a Member of the Committee consequent upon his appointment as Minister in the Council of Ministers w.e.f. 11 June, 1995.

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ON URBAN & RURAL DEVELOPMENT**

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8. Ch. Harmohan Singh
9. Shri Subrata Mukherjee

INTRODUCTION

1, the Chairman of the Standing Committee on Urban & Rural Development (1995-96) having been authorised by the Committee to submit the Report on their behalf, present this Twentieth Report on the action taken by the Government on the recommendations contained in the Tenth Report of the Standing Committee on Urban & Rural Development (Tenth Lok Sabha) on "Nehru Rozgar Yojana" of the Ministry of Urban Affairs & Employment.

2. The Tenth Report was presented to Lok Sabha on 22nd December, 1994. Replies of the Government to all the recommendations contained in the Report were received on 22nd July, 1995. The Replies of the Government were considered by the Sub-Committee III on Urban Affairs & Employment on 9th October, 1995 and 23rd November, 1995. Report was considered and adopted by the Committee at their sitting held on 6th December, 1995.

3. An analysis of the action taken by Government on the recommendations contained in the Tenth Report (1995-96) of the Committee is given in Appendix II.

NEW DELHI,
18 December, 1995
27 Agrahayana 1917 (Saka)

PRATAPRAO B. BHOSALE
Chairman,
Standing Committee on Urban and
Rural Development.

CHAPTER I

REPORT

1.1 This report of the Standing Committee on Urban & Rural Development (1995-96) deals with the action taken by the Government on the recommendations contained in their Tenth Report on the "Ministry of Urban Development Nehru Rozgar Yojana" which was presented to Lok Sabha on 22nd December, 1994.

1.2 This report contains 33 recommendations/observations. Replies of the Government in respect of these recommendations have been received and categorised as under:

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

Para Nos. 2.3, 3.5, 3.6, 4.7, 4.11, 4.12, 5.6 to 5.8, 5.10 to 5.13, 6.9, 7.4 to 7.8, 8.8, 9.5, 9.8 and 9.9.

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

Para Nos. 4.6 and 4.7.

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee are not satisfactory:

Para Nos. 4.5, 4.9, 4.10 and 9.4.

- (v) Recommendations/observations in respect of which final replies of Government are still awaited:

Para Nos. 3.9, 5.9 and 6.10.

1.3 The Committee require that final replies in respect of the recommendations for which only interim replies have been given by the Government ought to be furnished to the Committee at the earliest.

1.4 The Committee will now deal with the action taken by Government on some of their recommendations.

A. URBAN POOR POPULATION

Recommendation Para No. 2.3

1.5 The Committee noted that the official data regarding urban poor population was at variance with the assessment made by the United Nations Agencies and by the Lakadawala Committee's Report.

The Committee would like the Government to ascertain the correct information in regard to urban poor in the country living below poverty line in order to fix the future priorities and targets realistically.

Reply of the Government

1.6 The matter has been taken up with the Planning Commission for ascertaining the correct information in regard to urban poor in the country living below poverty line in order to fix the further priorities and targets realistically.

Comments of the Committee

1.7 The Committee regret to note that the Government could not ascertain the correct information with regard to urban poor in the country living below the poverty line. On the direction of Sub-Committee constituted to examine the Action Taken Replies, the Ministry had been given the time of one week to furnish the statistical information *vide* Lok Sabha Secretariat OM No. 11/10/2/U & RDC/95 dated 11th October, 1995. In spite of that, the Ministry could not furnish the information. The Committee take serious note of it and are at a loss to see as to how the Ministry fixes the future targets and priorities realistically without having the correct data regarding the urban poor. The Committee would like to reiterate their earlier recommendation and require that the Ministry should furnish the correct data as ascertained from Planning Commission without any further delay.

B. MONITORING IN STATES

Recommendation Para No. 3.5

1.8 The Committee take serious note of the fact that the information has been furnished by the Ministry in the case of some of the States and that too is incomplete. The Committee would like the Ministry to strengthen their monitoring machinery to ensure proper implementation of the Yojana.

C. TARGET GROUPS UNDER THE YOJANA

Recommendation Para No. 3.6

1.9 From the information made available to the Committee it is apparent that although the women and SCs/STs constitute the special target groups, the number of such beneficiaries is very small. As against the norm of coverage of 30% women beneficiaries under the Yojana, the actual number of such beneficiaries is insignificant. The Committee are constrained to observe that the women and SCs/STs who were the special target groups have in fact been neglected. The Committee would like the Ministry to ensure that such beneficiaries are given their due share in the various schemes under the Yojana as per the guidelines.

Reply of the Government to Para Nos. 3.5 & 3.6

1.10 All the States/UT Administrations have been enjoined upon to strengthen their machinery for monitoring the implementation of Nehru Rozgar Yojana not only at the State level but also at the District and City levels. They have also been impressed upon to ensure adequate representation for SCs/Sts/Women in the Yojana and the progress reported in the MIS proforma regularly.

Comments of the Committee

1.11 The Committee are satisfied that all the States and Union Territories Administrations have been impressed upon to strengthen their monitoring machinery not only at the State level but also at the District level. Further, the Committee would like that the progress in all the States and Union Territories Administrations regarding implementation of the recommendation of the Committee, should be constantly reviewed and the Committee should also be apprised about the response received from various States & Union Territories Administrations. The Committee would like to stress that the Ministry should make sincere efforts to monitor the progress of special target groups *i.e.* SC, ST and women beneficiaries on quarterly basis under the Yojana.

D. PROPER IDENTIFICATION OF BENEFICIARIES

Recommendation Para No. 3.9

1.12 The Committee stress the need for proper identification of the beneficiaries under the Yojana so that the benefits of the schemes are available to the really deserving people. The Committee recommend that the association of NGOs in the process of identification of the beneficiaries should be further strengthened. They also recommend that the city level task forces for identification of the urban poor should be constituted wherever these do not exist and comprehensive door to door surveys should be conducted.

Reply of the Government

1.13 While inviting attention of the Guidelines for identification of beneficiaries, instructions were issued on 16.7.93 bringing out the use of non-economic parameters at the time of conducting such survey. At the instance of the Reserve Bank of India/Ministry of Finance and on decision in the Meeting of the High Powered Committee on Institutional Credit Support, all the States/UT Administrations were directed on 21.12.93 to set up Task Force at the local level for each town covered/ to be covered under Nehru Rozgar Yojana for identification of bonafide beneficiaries under the Scheme of Urban Micro Enterprises. On receipt of the report of the Comptroller and Auditor General, the instructions were reiterated on 16.12.94. Now again, all the States/UT Administrations have been enjoined upon to set up Task Force if not already done and conduct on priority basis, appropriate socio-economic surveys strictly in accordance with the prescribed procedure.

Comments of the Committee

1.14 The Committee note that the Ministry have impressed upon States and Union Territories Administrations to set up a Task Force for identification of urban poor. The Committee would like to be apprised about the number of States & Union Territories Administration where such Task Force for identification of beneficiaries has been constituted. The Committee would like to stress that Ministry should mention and review the problems of setting up of task force in all the States/Union Territories and issue directions for the speedy survey of identification of urban poor which would facilitate effective implementation of the programmes meant for the upliftment of urban poor. The Committee emphasize that Urban Local bodies elected in pursuance of 74th amendment of the Constitution of India, should also be involved in the process of identification of beneficiaries. They would require to know the results of the directions issued by the Central Government to States/ UTs and the impact of such directions in this regard.

E. ANOMALIES IN IMPLEMENTATION

Recommendation Para No. 4.5

1.15 The Committee note that the various anomalies in the implementation of the Scheme under Nehru Rozgar Yojana as pointed out in the Audit Report of 1993 of Ministry of Urban Affairs & Employment. The Committee take a serious view of these irregularities. As per the Guidelines the funds are released to State Governments based on the incidence of poverty. However as per Audit Para No. 8.14, some of the States got more than their proportionate share while others got less based on the criteria of urban population and incidence of urban poverty. There was also diversion of funds released

for Nehru Rozgar Yojana to the other programmes. As per Audit Para No. 8.1.10.4 a sum of Rs. 1.30 lakhs was diverted and utilised towards payment of salary of the Staff of one ULB in Assam. Similarly NRY funds of Rs. 3.78 lakhs were credited to Jawahar Rozgar Yojana account in March, 1991. The Committee take a serious view of these irregularities.

Reply of the Government

1.16 On receipt of the Report of the C&AG (1992-93) the matter was referred to the Government of Assam *vide* letter No. H-11018/2-94-UPA (NRY) dated 10.11.94. Despite reminder on 24.1.95, 14.2.95, 10.3.95, 24.3.95 and 15.5.95, the reply is still awaited. Now on receipt of the 10th report of the Standing Committee on Urban & Rural Development (1994-95) the Government of Assam has been addressed again to intimate the action taken and undo the above irregularities.

Comments of the Committee

1.17 The Committee had noted various anomalies such as location of funds more than or less than the State's proper share, diversion of funds, etc. in the implementation of Scheme under the Yojana as pointed out in the audit paras of 1993-94 of the Ministry of Urban Affairs and Employment. The Government have stated in their reply that in spite of several reminders the Government of Assam have not responded. The Committee are constrained to observe that the Government of Assam have not cared to respond to the various anomalies as pointed out in the audit para. The Committee would like to know what positive steps have been initiated in general to check such irregularities *i.e.*, whether any consequential guidelines have been issued and in specific, urge the Ministry to furnish a Report regarding the action taken by the Ministry on the non-responsive attitude of Assam Government apart from sending reminders and apprise the Committee within three months of the presentation of this Report.

The Committee feel that one of the major factors responsible for diversion of funds is the untimely release of the major portion of the funds by the Centre to the States mostly in the last quarter of the financial year. They would like to reiterate their earlier recommendation and would like that the funds to the States should be released timely.

F. ALLOCATION OF FUNDS & ITS REVISION

Recommendation Para No. 4.7

1.18 The Committee take serious note of the inadequate allocation of funds during the Eighth Plan. The Committee strongly recommend

that adequate funds should be provided under the Yojana especially in view of the rapid increase in urban unemployed due to various factors including influx of migrants to urban areas.

Recommendation Para No. 4.8

1.19 In view of exhaustion of funds during the first three years of the Eighth Five Years Plan, the Committee recommend that revised proposals should be sent to the Planning Commission for allocation of additional funds in order to achieve the objectives of the Yojana.

Reply of the Government to Para Nos. 4.7 & 4.8

1.20 This Ministry had sought an allocation of Rs. 1500 crores for the VIII Five Year Plan for implementation of Nehru Rozgar Yojana but an amount of Rs. 227 crores only was allocated for the Plan Period. Out of Rs. 227 crores, an amount of Rs. 276 crores was released for three years of the VIII Plan 1992-93 to 1994-95). An allocation of Rs. 120 crores each for the years 1995-96 and 1996-97 was sought during the mid-term review of the VIII Five Year Plan whereas Rs. 71 crores for the year 1995-96 has been allocated.

The Planning Commission has been addressed again requesting them for allocation of adequate funds during the coming years.

Comments of the Committee

1.21 The Committee note that the Planning Commission have been addressed for allocation of adequate funds during the coming years in view of the recommendation of the Committee. The Committee would like to emphasise that while preparing the Budget Estimates for 1996-97, Planning Commission should again be impressed upon by the Government to provide adequate funds under the Yojana. The Committee feel that during 1996-97 *i.e.* the last year of the VIII Five Year Plan, adequate funds *i.e.* not less than the allocation made during the previous years, should be provided under the Yojana specially in view of the priority given by the Centre to solve the problem of urban unemployed.

G. SPENDING UNDER THE YOJANA

Recommendation Para No. 4.9

1.22 The Committee also recommend that while allocating the funds under the Yojana it should be ensured that the amount under the specific programmes is spent fully for those programmes. The spending under the Yojana should be strictly monitored to ensure that no amount is diverted to other programmes.

Reply of the Government

1.23 The State Governments/U.T. Administrations have been impressed upon that diversion of funds of NRY to other programmes is strictly not to be resorted to and diversion of funds from the component of NRY to another, if considered absolutely necessary only in exceptional cases, the prior approval of the Central Government may be obtained.

Comments of the Committee

1.24 The Committee are not satisfied with the reply of the Government. The Government have not responded to the specific points raised by the Committee: (i) to ensure that the funds under the specific programmes are spent fully, (ii) the spending of funds under the Yojana should be strictly adhered and monitored, to ensure that no amount earmarked for Nehru Rozgar Yojana is diverted to any other programme. The Committee would like to reiterate their earlier recommendation and require a positive response from the Government.

The Committee would therefore desire, now that the 74th Amendment of the Constitution has been brought about what steps in this regard has been initiated by the elected Urban local bodies for their involvement in the implementation of the programme. The Committee desire that these local bodies should be provided orders to handle the particular task of eradicating urban poverty.

H. RELEASE OF FUNDS TO STATES

Recommendation Para No. 4.10

1.25 The Committee further recommend that funds should be released to different State Governments strictly based on the incidents of poverty.

Reply of the Government

1.26 Funds under NRY are allocated/released to States/UTs strictly based on the incidence of poverty *i.e.* the number of urban poor in these States/UTs as a proportion of urban poor in the country as given in the National Sample Survey Organisation 38th Round. Certain minimum floor levels are also applied with a view to avoid allocation of the small and hill States. However, the actual release of funds is made depending on the performance of individual States. Funds are being diverted from less performing States to the better performing States.

Comments of the Committee

1.27 The Committee are not satisfied with the reply of the Government. On the recommendation of the Committee the Ministry in the action taken notes have stated that the Centre is already allocating funds to States and Union Territories based on the incidence of poverty. However the Committee in Para 4.5 *supra* have noted that serious irregularities have been pointed out by the Comptroller & Audit General in Audit Para 8.1.10.4 regarding disproportionate allocation of funds to some of the States. The Committee desires that the reply of the Ministry to the Audit Para should be sent alongwith its explanation within 3 months of the presentation of this Report.

I. YEAR OF SANCTION FOR FUNDS

Recommendation Para No. 4.11

1.28 The Committee observe that the funds should be sanctioned on the basis of the base year when the Yojana was sanctioned. In view of the galloping market prices the Committee recommend that the financial provisions for the Yojana in the coming years should be increased to meet the set targets.

Reply of the Government

1.29 This Ministry had sought an allocation of Rs. 1500 crores for the VIII Five Year Plan for implementation of Nehru Rozgar Yojana but an amount of Rs. 227 crores only was allocated for the Plan Period.

The Planning Commission has been addressed again requesting them for allocation of adequate funds during the coming years.

Comments of the Committee

1.30 The Committee note that the Planning Commission have been addressed for allocation of adequate funds during the coming years in view of the recommendation of the Committee. The Committee would like that while preparing the Budget Estimates for 1996-97, Planning Commission should again be pressed to provide adequate funds under the Yojana in view of the recommendation of the Committee.

J. ATTITUDE OF BANKS TOWARDS RECOVERY, EVALUATION, AMOUNT, ADVANCEMENT & FORMALITIES

Recommendation Para No. 5.6

1.31 The Committee take serious note of the non-cooperative attitude of the Banks towards the Yojana. As admitted by the Ministry there is considerable delay in disposal of loan applications, sanctions and releases of loans by the Banks inspite of repeated instructions by the RBI that the loan applications should be disposed of within a fortnight. Not only there is abnormal delay in disposal of loan applications but there is also bulk rejection of applications on flimsy ground or without assigning any reasons. It is also regrettable that the banks are not sanctioning the loans even as per the limit fixed by the RBI.

Recommendation Para No. 5.7

1.32 Further there are irregularities in sanctioning the loan. The Committee note the main argument given by Banks is that recovery position is not good. The Committee feel that the loan should be advanced to the individuals keeping in view the financial position of the person and viability of the project and the arguments that the recovery position is not good should not be the criteria of rejection of loans to the individuals by Banks.

Recommendation Para No. 5.8

1.33 The Committee recommend that the Banks should be motivated to appreciate that there is an imperative need to implement the Yojana meant for the upliftment of urban poor and the pace of distribution of loans should be given a hefty push. The Ministry should take this matter with RBI and instructions should be issued by the RBI to the Scheduled Banks to cooperate in meeting targets appropriate action should be taken by RBI. The Committee further recommend that Ministry of Urban Affairs & Employment should evaluate the performance of Banks relating to the grant of loans to the beneficiaries under the Yojan and the matter should also be taken by the Institutional Finance Committee in order to boost the pace of implementation.

Recommendation Para No. 5.10

1.34 The Committee was informed by the Secretary that the average loan per project which is given presently is about Rs. 7,000 and Rs. 7,500. In most of the States Rs. 12,000/ which is the maximum amount of loan is not given. The Committee observe that even the maximum loan limit which is Rs. 12,000/for general beneficiaries and

Rs. 15,000/for SC/ST & Women is not sufficient to enable a person to set up a micro enterprise. The Committee, therefore, recommend that the limit should be suitably enhance keeping in view the inflated market prices and the beneficiaries should be given loans as per limit fixed.

Recommendation Para No. 5.12

1.35 The Committee take serious note of the fact that the data regarding loan advanced by Banks is not available with the Ministry. The Committee recommend that the position regarding the grants of loans to the beneficiaries by the Banks should be reviewed and the data should be updated to know the actual beneficiaries as well the progress of the Scheme.

Recommendation Para No. 5.13

1.36 The Committee observe that Yojana has been launched to benefit the urban poor who are illiterate. Banks do not advance loans to such persons as the forms are to be filled properly and all the formalities fulfilled. The Committee recommend that Banks should be motivated to help the illiterate persons and the incomplete forms should not be the criteria for rejection of the application.

Reply of the Government to Para Nos. 5.6, 5.7, 5.8, 5.10, 5.12 and 5.13

1.37 The issue of non-cooperative attitude of banks towards SUME of NRY, delay in disposal of loan applications, irregularities in sanctioning of loans and enhancement of loan ceiling were raised in the meetings of High Powered Committee on Institutional Credit support of SUME. These issues were also taken up with the RBI on 25.10.93. In this regard recently the Ministry for UAE has taken up with the Finance Minister for issuing necessary directions to the RBI so as to bring about desired changes in the attitude of banks as regards proper and effective implementation of SUME. The RBI and Ministry of Finance have also been addressed, requesting them to issue detailed instructions to banks.

Comments of the Committee

1.38 The Committee note that the issue of non-cooperative attitude of banks have been taken up with the Finance Minister and RBI, with the request to issue detailed instructions with regard to various discrepancies observed by the Committee. However the Committee feel that the Government should not be satisfied by merely issuing instructions to banks. The Committee would like

that the Ministry should keep constant check and monitor regularly the performance of the banks on quarterly basis. The Committee would also like that there should be an effective and efficient mechanism for processing the application of beneficiaries and there should not be any discrimination while accepting/rejecting the application. Further while rejecting the application, the bank should give specific reasons.

K. RECOVERY OF LOANS

Recommendation Para No. 5.9

1.39 As regards the recovery of loan the Committee observe that there is no collateral security. The only formality which has to be done by the person who is borrowing money from the Bank is to hypothecate the assets which are being created out of the loan amount. The Committee recommend that the condition of security should be reviewed. To improve the recovery position the Committee also recommend that the issue should be taken up with the State Government in order to sort out their difficulties but major thrust should be to achieve the targets.

Reply of the Government

1.40 The comments of the Reserve Bank of India, Ministry of Finance and the State Governments/UT Administrations have been called for.

Comments of the Committee

1.41 The Committee observe that Ministry of Urban Affairs & Employment has taken about six months to initiate action on the Committee's recommendation about collateral security in respect of loans advanced by banks. The Committee take a serious note of the slow pace of action on recommendation. The Report of the Reserve Bank of India and the State Government & Union Territories Administrations should be expedited and furnished to the Committee alongwith the Ministry's comments for the consideration of the Committee within three months of the presentation of this Report.

L. HIGH RATE OF INTEREST

Recommendation Para No. 5.11

1.42 The Committee observe that the rate of interest which is 11.5% upto a loan amount of Rs. 7500/- and is 13.5% for a loan amount of Rs. 7500/- is a heavy burden on the urban poor. The

Committee, therefore, recommend that the rate of interest should be subsidised by the State Government.

Reply of the Government

1.43 State Governments/UT Administrations with Legislatures are already sharing the funds under all the Scheme of the Yojana on a 60 : 40 basis between Central Government and them. It would not be desirable on the interest of the Yojana that the State Governments be burdened further as it is likely to provide to be a stumbling block and could be a setback to the implementation of the Scheme of Urban Micro Enterprises (SUME) under Nehru Rozgar Yojana. However, it would be better if the Ministry of Finance could be prevailed upon to urge the Reserve Bank of India to charge the subsidized rate of interest from the urban poor.

Loans under this Scheme are eligible for classification under "advances to weaker sections" within priority sector.

Comments of the Committee

1.44 On the recommendation of the Committee regarding subsidisation of rate of interest by the respective State Government on the loans advanced under Yojana the Government have stated that it would be better if the Ministry of Finance have been prevailed upon to urge RBI to charge the subsidised rate of interest from the urban poor. The Committee accepts the proposal of the Government and would like to be apprised about the action initiated in this regard.

M. POOR PERFORMANCE OF SHASHU

Recommendation Para No. 6.9

1.45 The Committee view with concern the poor performance of the Scheme of Housing & Shelter Upgradation (SHASHU). The Secretary of the Ministry admitted in his evidence before the Committee that the pace of the Scheme has been slow and somehow the Scheme has not really taken off as well as they would have desired it to be. The Committee observe that HUDCO could utilise only Rs. 49.84 crores only out of Rs. 102.50 crores placed at its disposal. The Committee take serious note of the under spending by HUDCO and desire that necessary steps should be taken by HUDCO to sanction adequate loans under the Scheme.

Reply of the Government

1.46 HUDCO has been requested to take effective steps for optimum utilisation of funds and to improve the performance under SHASHU. The Corporation has also been asked to issue directions to its Regional Chiefs to assist the State Governments/UT Administrations in preparing projects, completing post sanction formalities etc. so that adequate loans could be sanctioned.

Comments of the Committee

1.47 The Committee are happy to note that the Government have asked the HUDCO to issue directions to its regional Chiefs to assist the State Government/Union Territory Administration in preparing projects, completing post sanction formalities etc. The Committee would like to be apprised about the result and impact of such directions.

N. COLLATERAL SECURITY FOR LOANS

Recommendation Para No. 6.10

1.48 The Committee recommend that the provision for collateral security should be made in the case of the loans provided under SHASHU by the State Governments to improve the recovery position.

Further Central Government should take the matter with State Governments and stress for competing expeditiously the post-sanction formalities.

Reply of the Government

1.49 The Comments from State Governments and Housing & Urban Development Corporation (HUDCO) have been called for in this regard.

In February 1994, the State Governments/UT Administrations were impressed upon through a D.O. letter dated 21.02.94 to gear up the State machinery to ensure proper utilisation of funds under the Scheme and take urgent steps for getting more schemes/projects sanctioned and lifting the subsidy and loan amount under the Scheme for Housing and Shelter Upgradation (SHASHU). State Governments/UT Administrations have again been addressed requesting them to take drastic steps for improving the performance of Scheme of Housing and Shelter Upgradation in their States/UTs by submitting more and more Schemes to HUDCO and expeditiously completing the post

sanction formalities including giving Government guarantee or Bank guarantee from the scheduled bank acceptable to HUDCO. HUDCO has also been enjoined upon to issue necessary directions to their Regional Chiefs to assist the State Governments/UT Administrations in preparing projects, completing post sanction formalities etc.

Comments of the Committee

1.50 The Committee would like to be apprised about the response of the State Governments and HUDCO regarding the recommendation of the Committee for collateral security on the loans provided under SHASHU and further action initiated by the Government.

O. TRAINING UNDER SCHEMES

Recommendation Para No. 7.4

1.51 The Committee observe that training is an important component of the two Schemes SUME & SHASHU for further upgradation of skills or giving technical training etc. suited to the activity. The Committee note that one of the flaw in the implementation of the Programmes is inadequate attention given to training by various State Governments. The number of trainees under the two Schemes as given by the Ministry is very low and the expenditure incurred thereon is inadequate. The Committee take serious view of the fact that the training under the Scheme was not provided at all in some of the States/UTs. The Committee recommend that Government should take up this matter with the State Governments.

Recommendation Para No. 7.5

1.52 The Committee further recommend that more and more Non-Government Organisations should be recognised and assisted as NGOs would be in a much better position to go to the urban slums where they can start a kind of training class for the purpose.

Recommendation Para No. 7.6

1.53 The Committee note that there are a number of training Institutes in the areas of specialised skill. Such Programmes should be connected with these training institutes.

Recommendation Para No. 7.7

1.54 The Committee also recommend that the period of training which at present is only for an average period of three months should be enhanced to enable a person to be trained fully in the professional skill so as to set up self employment venture.

Recommendation Para No. 7.8

1.55 The Committee further recommend that Community worksheds should be constructed at the suitable places under the Yojana to impart training to the under employed/unemployed skilled/unskilled urban poor keeping in view the local employment avenues and skills available in the area.

Reply of the Government to Para No. 7.4, 7.5, 7.6, 7.7 & 7.8

1.56 Directions have been issued to all the State Govts./UT Administrations impressing upon them to take immediate action to provide more and more training under the Scheme of Urban Micro Enterprises (SUME) and Scheme of Housing & Shelter Upgradation (SHASHU) as per the NRY guidelines. It may be mentioned that the duration of three months for a training course is only an average stipulation. It can be increased or decreased so as to suit the requirements of the training so long as the financial norms of Rs. 400/ and Rs. 500/- per trainee per month under SUME and SHASHU respectively is maintained over a given group of courses.

Comments of the Committee

1.57 The Committee note that the Government should not be contended by merely issuing directions to all the State Governments, Union Territory Administrations by impressing upon them to take immediate action to provide more and more training under SUME and SHASHU. The Government should take up quarterly review of training programmes being run by them to make it more effective. The Committee would urge the Central Government to assess the impact of their directions and monitor the progress made in all the States and Union Territories regarding adequate training under the Yojana. The Committee would like that the Government should evaluate the training programme *per se* by considering the success of number of beneficiaries assisted in absolute terms *i.e.* the trainees who could be trained well and establish themselves. The data in this regard since the inception of the Yojana should be furnished within three months of the presentation of this Report.

P. LINKAGES AMONG MONITORING AGENCIES

Recommendation Para No. 8.8

1.58 The Committee recommend that linkages amongst the different bodies of NRY at Centre, State, District level should be strengthened. There should be strict monitoring of the three schemes of Nehru Rozgar Yojana. States should be required to submit quarterly progress reports. Timely evaluation of NRY Programme should also be made.

Reply of the Government

1.59 The matter is being taken up with State Governments/UT Administrations for strengthening of linkages amongst the different bodies at State and District level for strict monitoring of three Schemes of Nehru Rozgar Yojana. At the Centre Management Information Systems (MIS) Unit has been set up in 1992 for monitoring the Nehru Rozgar Yojana. MIS proforma, circulated in April, 1992 is required to be submitted by the State Governments/UT Administrations monthly/bimonthly. As desired by the Committee, directions are being issued to submit, thereafter the MIS report on quarterly basis.

Evaluation and review of the Yojana is done periodically through the review meetings held with representatives of States/UT Administrations and through field visits.

Towards the end of 1993, the Planning Commission has given the work of evaluation of Nehru Rozgar Yojana in five States, namely Maharashtra, Orissa, Andhra Pradesh, Gujarat and Tamil Nadu to operations Research Groups (ORG), Baroda. The final report has been received from Planning Commission recently.

Comments of the Committee

1.60 The Committee would like to be apprised about the details of the final report received from Planning Commission regarding evaluation of Nehru Rozgar Yojana in five States namely Maharashtra, Orissa, Andhra Pradesh, Gujarat and Tamil Nadu.

Q. FIXING OF TARGETS UNDER NRY

Recommendation Para No. 9.4

1.61 The Committee note that the targets fixed under the Yojana are not commensurate with the total number of urban population living below the poverty line. Further, the number of beneficiaries covered in the various schemes of the Yojana is less than the targets fixed. The Committee therefore, recommend that drastic steps should be taken to implement the Yojana to meet the challenge of rapid growth of urban poor.

Reply of the Government

1.62 Under Nehru Rozgar Yojana funds are allocated by the Planning Commission on a year to year basis. Targets are fixed keeping in view the funds allocated and not according to the total number of urban population living below the poverty line. According

to the VIII Five Year Plan Document, it is estimated that there are about 41.8 million urban poor living below poverty line. With the swift and continuous urbanisation, the urban population is likely to increase due to continuous migration from rural hinterland in search of livelihood. With a view to combating urban poverty, adequate funds will be required for assisting more and more urban poor.

It would thus be observed that by end March 95 targets fixed under SUME have been exceeded. However, there is a nominal shortfall in achievement of targets under SUME mainly due to some States not taking up labour intensive works. Regarding SHASHU, the States are not enthusiastic about submitting more schemes to HUDCO because they feel reluctant in furnishing State/Block guarantee to HUDCO on behalf of their Urban Local Bodies (ULBs) for the fear of non-recovery of HUDCO's loan portion. State Governments/UT Administrations have been impressed upon from time to time to accelerate the pace of implementation of the Yojana in their States/UTs to achieve the targets.

Comments of the Committee

1.63 The Committee are not satisfied with the reply furnished by the Government. The Government have simply furnished the already known data to the Committee. The Committee would like to reiterate their earlier recommendation and should be apprised about the earnest action taken by the Government. The Committee also desire the Ministry to take appropriate measures for allocation of adequate funds commensurate with the urban poor population so that the Yojana is implemented earnestly.

R. POOR PERFORMANCE OF YOJANA IN DELHI

Recommendation Para No. 9.5

1.64 Further, the Committee note that the implementation of two Schemes SHASHU and SUME under the Yojana in Delhi UT, the Capital of India is very poor. The Committee recommend that the concrete steps should be taken to give a hefty push to the Yojana in Delhi also.

Reply of the Government

1.65 The Government of National Capital Territory of Delhi has been impressed upon to take immediate effective steps to accelerate the pace of implementation of the Yojana meant for the urban poor so that the benefits of the Yojana reach the deserving poor.

Comments of the Committee

1.66 The Committee note that the issuing of directions after a gap of about six months of Committee's recommendation, to National Capital Territory of Delhi would not be sufficient to solve the problem of urban poor. The Committee are not satisfied with the pace of work and would like to know the sincere efforts made so far by the Government of Union Territory, Delhi. The Committee would emphasize that strict action should be initiated against such defaulter State/Union Territory.

S. REVIEWING THE YOJANA ON WEAKNESSES

Recommendation Para No. 9.9

1.67 The Committee further recommend that as there are certain weaknesses in the implementation of various Schemes, the Yojana needs to be reviewed and revised keeping in view the fast growing change in the urban scenario.

Reply of the Government

1.68 Since the inception of the Yojana in October, 1989, it is being reviewed from time to time at various levels. The High Powered Committee on Institutional Credit Support has been constituted and the Committee met thrice in July, 1991, September, 1993 and again in September, 1994 to consider the various bottlenecks in the implementation of Scheme of Urban Micro Enterprises (SUME) through the institutional finance by banks.

To review the performance of Nehru Rozgar Yojana, four meetings at the level of Secretaries were convened during June, 1991, February, 1992, April, 1993 and July, 1994. To give a further push to the Yojana, several review meetings have been held with the representatives of the State Governments/UT Administrations at Delhi as also the officers from this Ministry visited several States/UTs. In fact, the guidelines were recast in March, 1990 in consultation with State level officers.

For effective implementation of the Yojana the State Governments/UT Administrations were enjoined upon 21.12.93 and again on 16.12.94 to set up Task Force at city level to identify the beneficiaries by conducting household surveys through non-economic parameters such as living conditions of household, education level of the Chief Bread Earner and type of employment of the Chief Bread Earner.

Further, the eligibility limit for application of Scheme of Housing for Shelter Upgradation has been relaxed and is now applicable to all cities/towns with a population below 20 lakhs.

To boost up the performance under the Scheme of Housing for Shelter Upgradation, the ceiling loan available from HUDCO has been raised from Rs. 3,000/- to 9,950/-.

Comments of the Committee

1.69 The Committee would like to be apprised about the recommendations of the High Powered Committee and the outcome of several meetings convened at the level of Secretaries and State level officers.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED/PARTIALLY ACCEPTED BY THE GOVERNMENT

Recommendation Para No. 2.3

1.70 The Committee noted that the official data regarding urban poor population was at variance with the assessment made by the United Nations Agencies and by the Lakadawala Committee's Report. To this query, the Secretary, Ministry of Urban Affairs and Employment clarified:

"With regard to 20 per cent population being urban poor or the urban population as a whole, there is no doubt that the United Nations had estimated a higher figure. The Expert Committee, under late Dr. Lakadawala had also estimated that it is 40 percent. I was not using that particular figure because it has yet to be accepted by the Planning Commission."

The Committee would like the Government to ascertain the correct information in regard to urban poor in the country living below poverty line in order to fix the future priorities and targets realistically.

Reply of the Government

The matter has been taken up with the Planning Commission for ascertaining the correct information in regard to Urban Poor in the country living below poverty line in order to fix the future priorities and targets realistically as per *Annexure*.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.7, Chapter I of the Report.

Recommendation Para No. 3.5

1.71 The Committee take serious note of the fact that the information has been furnished by the Ministry in the case of some of the States and that too is incomplete. The Committee would like the Ministry to strengthen their monitoring machinery to ensure proper implementation of the Yojana.

Reply of the Government

All the States/UT Administrations have been enjoined upon to strengthen their machinery for monitoring the implementation of Nehru Rozgar Yojana not only at the State level but also at the District and City levels. They have also been impressed upon to ensure adequate representation for SCs/STs/Women in the Yojana and the progress reported in MIS proforma regularly. Instructions issued are given in the enclosed *Annexure*.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.11, Chapter I of the Report.

Recommendation Para No. 3.6

1.72 From the information made available to the Committee it is apparent that although the women and SCs/STs constitute the special target groups, the number of such beneficiaries is very small. As against the norm of coverage of 30% women beneficiaries under the Yojana, the actual number of such beneficiaries is insignificant. For instance, in Gujarat as against the total number of 7395 beneficiaries the number of women beneficiaries who have been sanctioned loan/subsidy under SUME during the years 1992-93 and 1993-94 is 94, which is a little more than one percent. Similar is the position in Tripura where women beneficiaries under SUME during the said years as compared to total beneficiaries is 1.5%. With regard to SC&ST beneficiaries also who have been sanctioned loan/subsidy under SUME during 1992-93 and 1993-94, the Committee observe that the number of such beneficiaries is very small. In Gujarat and Tripura the percentage of SC&ST beneficiaries is 0.5% and 1% respectively. The Committee are constrained to observe that the women and SCs/STs who were the special target groups have in fact been neglected. The Committee would like the Ministry to ensure that such beneficiaries are given their due share in the various schemes under the Yojana as per the guidelines.

Reply of the Government

Same as for para 3.5

- [O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.21, Chapter I of the Report.

Recommendation Para No. 4.7

1.73 The Committee take serious note of the inadequate allocation of funds during the Eighth Plan. Out of a meager sum of Rs. 227

crores provided in the Plan only Rs. 11 crores are left for remaining years of the Plan. According to the Ministry's own admission the present outlay for the Yojana is quite inadequate. Reduction in the allocation for urban poverty alleviation leads to availability of only sub-critical amounts at the level of Urban Local Bodies thereby serving as a disincentive. The Committee strongly recommend that adequate funds should be provided under the Yojana especially in view of the rapid increase in urban unemployed due to various factors including influx of migrants to urban areas.

Reply of the Government

This Ministry had sought an allocation of Rs. 1500 crores for the VIII Five Year Plan for implementation of Nehru Rozgar Yojana but an amount of Rs. 227 crores only was allocated for the Plan Period. Out of Rs. 227 crores, an amount of Rs. 216 crores was released for three years of the VIII Plan (1992-93 to 1994-95). An allocation of Rs. 120 crores each for the years 1995-96 and 1996-97 was sought during the mid-term review of the VIII Five Year Plan whereas Rs. 71 crores for the year 1995-96 has been allocated.

The Planning Commission has been addressed again requesting them for allocation of adequate funds during the coming years. A copy of the letter written to the Planning Commission is enclosed as *Annexure*.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.21, Chapter I of the Report.

Recommendation Para No. 4.8

1.74 In view of exhaustion of funds during the first three years of the Eighth Five Years Plan, the Committee recommend that revised proposals should be sent to the Planning Commission for allocation of additional funds in order to achieve the objectives of the Yojana.

Reply of the Government

Same as for para 4.7.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.21 Chapter I of the Report.

Recommendation Para No. 4.11

1.75 The Committee observe that the funds should be sanctioned on the basis of the base year when the Yojana was sanctioned. In view of the galloping market prices the Committee recommend that the financial provisions for the Yojana in the coming years should be increased to meet the set targets.

Reply of the Government

Same as for para 4.7.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.27, Chapter I of the Report.

Recommendation Para No. 4.12

1.76 The Committee also recommend that the funds under the Yojana should be given to the beneficiaries for economically viable projects.

Reply of the Government

The issue of ensuring economic viability of the projects financed by banks under SUME was taken up with the Reserve Bank of India on 25.10.1993. It was suggested that the quantum of loan may be determined as required by the project on a case to case basis. In this manner, the recovery position of bank loans under SUME can improve and banks can ensure economic viability of project while advancing loan to the beneficiaries. The R.B.I. has been addressed again in the regard as *per the Annexure*. The State Governments/UT Administrations have also been directed to ensure economic viability while forwarding applications of beneficiaries to banks for grant of loan.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Recommendation Para No. 5.6

1.77 The Committee take serious note of the non-cooperative attitude of the Banks towards the Yojana. As admitted by the Ministry there is considerable delay in disposal of loan applications, sanctions and releases of loans by the Banks inspite of repeated instructions by

the RBI that the loan applications should be disposed of within a fortnight. Not only there is abnormal delay in disposal of loan applications but there is also bulk rejection of applications on flimsy grounds or without assigning any reasons. It is also regrettable that the banks are not sanctioning the loans even as per the limit fixed by the RBI.

Reply of the Government

The issues of non-cooperative attitude of banks towards SUME of NRY, delay in disposal of loan applications, irregularities in sanctioning of loans and enhancement of loan ceiling were raised in the meetings of High Powered Committee on institutional credit support to SUME. These issues were also taken up with the RBI on 25.10.93. In this regard recently the Minister for UAE has taken up with the Finance Minister for issuing necessary directions to the RBI so as to bring about desired changes in the attitude of banks as regards proper and effective implementation of SUME *as per Annexure-A* the RBI and Ministry of Finance have also been addressed, requesting them to issue detailed instructions to banks *as per Annexure-B*.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.38, Chapter I of the Report.

Recommendation Para No. 5.7

1.78 Further there are irregularities in sanctioning the loan. The Committee note that the main argument given by Banks is that the recovery position is not good. The Committee feel that the loan should be advanced to the individuals keeping in view the financial position of the person and viability of the project and the arguments that 'the recovery position is not good' should not be the criteria of rejection of loans to the individuals by Banks.

Reply of the Government

Same as for para 5.6

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.38, Chapter I of the Report.

Recommendation Para No. 5.8

1.79 The Committee recommend that the Banks should be motivated to appreciate that there is an imperative need to implement the Yojana meant for the upliftment of urban poor and the pace of distribution of loans should be given a hefty push. The Ministry should take this matter with RBI and instructions should be issued by the RBI to the Scheduled Banks to cooperate in advancing the loan under the Yojana and in the case of failure in meeting targets appropriate action should be taken by RBI. The Committee further recommend that Ministry of Urban Affairs & Employment should evaluate the performance of Banks relating to the grant of loans to the beneficiaries under the Yojana and the matter should also be taken by the Institutional Finance Committee in order to boost the pace of implementation.

Reply of the Government

Same as for para 5.6

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.38, Chapter I of the Report.

Recommendation Para No. 5.10

1.80 The Committee was informed by the Secretary that the average loan per project which is given presently is about Rs. 7,000 and Rs. 7,500/-. In most of the States Rs. 12,000/- which is the maximum amount of loan is not given. The Committee observe that even the maximum loan limit which is Rs. 12,000/for general beneficiaries and and Rs. 15,000/- for SC, ST & Women is not sufficient to enable a person to set up a micro enterprise. The Committee, therefore, recommend that the limit should be suitably enhanced keeping in view the inflated market prices and the beneficiaries should be given loan as per limit fixed.

Reply of the Government

Same as for para 5.6

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.38, Chapter I of the Report.

Recommendation Para No. 5.11

1.81 The Committee observe that the rate of interest which is 11.5% upto a loan amount of Rs. 7500/- and is 13.5% for a loan above Rs. 7500/- is a heavy burden on the urban poor. The Committee, therefore, recommend that the rate of interest should be subsidised by the State Govt.

Reply of the Government

State Governments/UT Administrations with Legislatures are already sharing the funds under all the Schemes of the Yojana on a 60:40 basis between Central Government and them. It would not be desirable in the interest of the Yojana that the State Governments be burdened further as it is likely to prove to be a stumbling block and could be a setback to the implementation of the Scheme of Urban Micro Enterprises (SUME) under Nehru Rozgar Yojana. However, it would be better if the Ministry of Finance could be prevailed upon to urge the Reserve Bank of India to charge the subsidized rate of interest from the urban poor.

Loans under this Scheme are eligible for classification under "advances to weaker sections" within priority sector.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 11.43, Chapter I of the Report.

Recommendation Para No. 5.12

1.82 The Committee take serious note of the fact that the data regarding loan advanced by Banks is not available with the Ministry. The Committee recommend that the position regarding the grant of loans to the beneficiaries by the Banks should be reviewed and the data should be updated to know the actual beneficiaries as well the progress of the Scheme.

Reply of the Government

Same as for Para 5.6

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.44, Chapter I of the Report.

Recommendation Para No. 5.13

1.83 The Committee observe that Yojana has been launched to benefit the urban poor who are illiterate. Banks do not advance loans to such persons as the forms are to be filled properly and all the formalities fulfilled. The Committee recommend that Banks should be motivated to help the illiterate persons and the incomplete forms should not be the criteria for rejection of the application.

Reply of the Government

Same as for para 5.6

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.38, Chapter I of the Report.

Recommendation Para No. 6.9

1.84 The Committee view with concern the poor performance of the Scheme of Housing & Shelter Upgradation (SHASU). The Secretary of the Ministry admitted in his evidence before the Committee that the pace of the scheme has been slow and somehow the scheme has not really taken off as well as they would have desired it to be. The Committee observe that HUDCO could utilise only Rs. 49.84 crores only out of Rs. 102.50 crores placed at its disposal. The Committee take serious note of the under spending by HUDCO and desire that necessary steps should be taken by HUDCO to sanction adequate loans under the Scheme.

Reply of the Government

HUDCO has been requested to take effective steps for optimum utilisation of funds and to improve the performance under SHASU. The Corporation has also been asked to issue directions to its Regional Chiefs to assist the State Governments/UT Administrations in preparing projects, completing post sanction formalities etc. so that adequate loans could be sanctioned *as per Annexure*.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.47, Chapter I of the Report.

Recommendation Para No. 7.4

1.85 The Committee observe that training is an important component of the two Schemes SUME & SHASU for further upgradation of skills or giving technical training etc. suited to the activity. The Committee note that one of the flaw in the implementation of the Programmes is inadequate attention given to training by various State Governments. The number of trainees under the two schemes as given by the Ministry is very low and the expenditure incurred thereon is inadequate. The Committee take serious view of the fact that the training under the Scheme was not provided at all in some of the States/UTs. The Committee recommend that Government should take up this matter with the State Governments.

Reply of the Government

Directions have been issued (**vide Annexure**), to all the State Govts./UT Administrations impressing upon them to take immediate action to provide more and more training under the Scheme of Urban Micro Enterprises (SUME) and Scheme of Housing & Shelter Upgradation (SHASU) as per the NRY guidelines. It may be mentioned that the duration of three months for a training course is only an average stipulation. It can be increased or decreased so as to suit the requirements of the training so long as the financial norm of Rs. 400/- and Rs. 500/- per trainee per month under SUME and SHASU respectively is maintained over a given group of courses.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.57, Chapter I of the Report

Recommendation Para No. 7.5

1.86 The Committee further recommend that more and more Non-Government Organisations should be recognised and assisted as NGOs would be in a much better position to go to the urban slums where they can start a kind of training class for the purpose.

Reply of the Government

Same as for para 7.4.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.57, Chapter I of the Report.

Recommendation Para No. 7.6

1.87 The Committee note that there are a number of training Institutes in the areas of specialised skill. Such Programmes should be connected with these training institutes.

Reply of the Government

Same as for para 7.4.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.57, Chapter I of the Report.

Recommendation Para No. 7.7

1.88 The Committee also recommend that the period of training which at present is only for an average period of three months should be enhanced to enable a person to be trained fully in the professional skill so as to set up self employment venture.

Reply of the Government

Same as for para 7.4.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.57, Chapter I of the Report.

Recommendation Para No. 7.8

1.89 The Committee further recommend that Community worksheds should be constructed at the suitable places under the Yojana to impart training to the under employed/unemployed skilled/unskilled urban poor keeping in view the local employment avenues and skills available in the area.

Reply of the Government

Same as for para 7.4.

[O.M. No. H-11018/2/95-UPA(NRY) dated 21.6.95]

Comments of the Committee

Please see para 1.57, Chapter I of the Report.

Recommendation Para No. 8.8

1.90 The Committee recommend that linkages amongst the different bodies of NRY at Centre, State, District level should be strengthened. There should be strict monitoring of the three schemes of Nehru Rozgar Yojana. State should be required to submit quarterly progress reports. Timely evaluation of NRY programme should also be made.

Reply of the Government

The matter is being taken up with State Governments/UT Administrations for strengthening of linkages amongst the different bodies at State and District level for strict monitoring of three Schemes of Nehru Rozgar Yojana. At the Centre, Management Information Systems (MIS) Unit has been set up in 1992 for monitoring the Nehru Rozgar Yojana. MIS Proforma, circulated in April, 1992, is required to be submitted by the State Governments/UT Administrations monthly/bimonthly. As desired by the Committee, directions are being issued to submit, hereafter the MIS report on quarterly basis.

Evaluation and review of the Yojana is done periodically through the review Meetings held with representatives of States/UT Administrations and through field visits.

Towards the end of 1993, the Planning Commission has given the work of evaluation of Nehru Rozgar Yojana in five States, namely Maharashtra, Orissa, Andhra Pradesh, Gujarat and Tamil Nadu to Operations Research Groups (ORG), Baroda. The final report has been received from Planning Commission recently.

[O.M. No. H-11018/2/95-UPA(NRY), dated 21.6.95]

Comments of the Committee

Please *see* Para 1.60, Chapter I of the Report

Recommendation Para No. 9.5

Further, the Committee note that the implementation of two Schemes SUME & SUWE under the Yojana in Delhi UT, the capital of India is very poor. The Committee recommend that the concrete steps should be taken to give a hefty push to the Yojana in Delhi also.

Reply of the Government

The Government of National Capital Territory of Delhi has been impressed upon to take immediate effective steps to accelerate the pace of implementation of the Yojana meant for the urban poor so

that the benefits of the Yojana reach the deserving poor *as per Annexure*.

[O.M. No. H-11018/2/95-UPA(NRY) dated, 21.6.95]

Comments of the Committee

Please *see* Para 1.66, Chapter I of the Report

Recommendation Para No. 9.8

1.92 The Committee take a serious view of the various deficiencies in the implementation of the Nehru Rozgar Yojana. The Committee stress that the Yojana is an ambitious programme for providing employment avenues to the unemployed and underemployed urban poor living below poverty line. The Committee, therefore, strongly recommend that such a vital Scheme meant for ameliorating the conditions of urban poor should receive serious attention and should be implemented properly.

Reply of the Government

All the States/UT Administrations have been impressed upon to remove deficiencies in the implementation of the Nehru Rozgar Yojana as it is an ambitious programme for providing employment avenues to the unemployed and underemployed urban poor living below poverty line *as per Annexure*.

[O.M. No. H-11018/2/95-UPA(NRY), dated 21.6.95]

Recommendation Para No. 9.9

1.93 The Committee further recommend that as there are certain weaknesses in the implementation of various Schemes, the Yojana needs to be reviewed and revised keeping in view the fast growing changes in the urban scenario.

Reply of the Government

Since the inception of the Yojana in October, 1989, it is being reviewed from time to time at various levels. The High Powered Committee on Institutional Credit Support has been constituted and the Committee met thrice in July, 1991, September, 1993 and again in September, 1994 to consider the various bottlenecks in the implementation of Scheme of Urban Micro Enterprises (SUME) through the institutional finance by banks.

To review the performance of Nehru Rozgar Yojana, four meetings at the level of Secretaries were convened during June, 1991, February,

1992, April, 1993 and July, 1994. To give a further push to the Yojana, several review meetings have been held with the representatives of the State Governments/UT Administrations at Delhi as also the officers from this Ministry visited several States/UTs. In fact, the guidelines were recast in March, 1990 in consultation with State level officers.

For effective implementation of the Yojana the State Governments/UT Administrations were enjoined upon on 21.12.93 and again on 16.12.94 to set up Task Force at city level to identify the beneficiaries by conducting house-hold surveys through non-economic parameters such as living conditions of house-hold, education level of the Chief Bread Earner and type of employment of the Chief Bread Earner.

Further, the eligibility limit for application of Scheme of Housing for Shelter Upgradation has been relaxed and is now applicable to all cities/towns with a population below 20 lakhs.

To boost up the performance under the Scheme of Housing for Shelter Upgradation, the ceiling of loan available from HUDCO has been raised from Rs. 3,000/- to 9,950/-.

[O.M. No. H-11018/2/95-UPA(NRY), dated 21.6.95]

Comments of the Committee

Please *see* Para 1.69, Chapter I of the Report

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLIES

Recommendation Para No. 4.6

1.94 The Committee recommend that there should be timely release of funds. Further, in cases where diversion of funds is considered absolutely necessary, requisite permission should be sought by the respective State Governments from the Central Government and any case of non-compliance should be taken serious note by the Government.

Reply of the Government

The State Governments/UT Administrations have been impressed upon that diversion of funds of NRY to other programmes is strictly not to be resorted to and diversion of funds from one component of NRY to another, if considered absolutely necessary only in exceptional cases, the prior approval of the Central Government may be obtained *as per Annexure*.

[O.M. No. H-11018/2/95-UPA(NRY), dated 21.6.95]

Recommendation Para No. 9.9

1.95 It has also been reported that during 1989-90 Centre released funds of Rs. 61.81 crores to all States (Rs. 38.06 crores) under SUME subsidy and Rs. 23.75 crores under SHASU subsidy but the expenditure during the year was reported by the Ministry to be 'Nil' resulting in blocking of Rs. 61.81 crores. Accordingly, further release of Rs. 35.08 crores during the year 1990-91, Rs. 9.98 crores under SUME (subsidy) and Rs. 25.10 crores under SHASU (subsidy) was not called for resulting in blocking of funds to the tune of Rs. 96.89 crores. The facts that the funds were released without being utilised have been accepted by the Government.

The Committee suggest that funds should not be released further in case of the States/UTs which have so far yet to start the Scheme or having very poor performance.

Reply of the Government

The Nehru Rozgar Yojana was launched in October, 1989. In view of the importance attached to such an ambitious programme, it was felt necessary to pump in funds to the States from year to year basis for the first two-three years on the ground that the implementation of the Yojana should not suffer from lack of funds from the Centre. Moreover the Yojana is a continuing scheme and releasing of adequate funds in the initial years is very necessary to maintain the tempo once it gathers momentum. In the process of the Yojana getting implemented the initial teething problems get sorted out and an implementing mechanism get established over a period of time.

From the year 1992-93 onwards, it is being ensured that funds are given to States strictly keeping in view their performance. Funds earmarked for worst performing States are diverted to better performing States.

[O.M. No. H-11018/2/95-UPA (NRY) dated 21.6.95]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED/ARE UNSATISFACTORY

Recommendation Para No. 4.5

1.96 The Committee note that the various anomalies in the implementation of the Scheme under Nehru Rozgar Yojana as pointed out in the Audit Report of 1993 of Ministry of Urban Affairs & Employment. The Committee take a serious view of these irregularities. As per the Guidelines the funds are released to State Governments based on the incidence of poverty. However as per Audit para No. 8.14, some of the States got more than their proportionate share while others got less based on the criteria of urban population and incidence of urban poverty. There was also diversion of funds released for Nehru Rozgar Yojana to the other programmes. As per Audit Para No. 8.1.10.4. a sum of Rs. 1.30 lakhs was diverted and utilised towards payment of salary of the Staff of one ULB in Assam. Similarly NRY funds of Rs. 3.78 lakhs were credited to Jawahar Rozgar Yojana account in March, 1991. The Committee take a serious view of these irregularities.

Reply of the Government

On receipt of the report of the C & AG (1992-93) the matter was referred to the Government of Assam *vide* letter No. H-11018/2/94-UPA(NRY) dated 10.11.94, Despite reminders on 24.11.95, 14.2.95, 10.3.95, 24.3.95 and 15.5.95, the reply is still awaited. Now on receipt of the 10th report of the Standing Committee on Urban & Rural Development (1994-95) the Government of Assam has been addressed again to intimate the action taken and undo the above irregularities *as per Annexure*.

[O.M. No. H-11018/2/95-UPA (NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.7, Chapter I of the Report.

Recommendation Para No. 49

1.97 The Committee also recommend that while allocating the funds under the Yojana it should be ensured that the amount under

the specific programmes is spent fully for those programmes. The spending under the Yojana should be strictly monitored to ensure that no amount is diverted to other programme.

Reply of the Government

Same as for para 4.6

[O.M. No. H-11018/2/95-UPA (NRY) dated 21.6.95]

Comments of the Committee

Please see para 1.24, Chapter I of the Report

Recommendation Para No. 4.10

1.98 The Committee further recommend that funds should be released to different State Governments strictly based on the incidence of poverty.

Reply of the Government

Funds under NRY are allocated/released to States/UTs strictly based on the incidence of poverty *i.e.* the number of urban poor in these states/UTs as a proportion of urban poor in the country as given in the National Sample Survey Organisation-38th Round. Certain minimum floor levels are also applied with a view to avoiding allocation of sub-critical amounts to the small and hill states. However, the actual release of funds is made depending on the performance of individual states. Funds are being diverted from less performing states to the better performing states.

[O.M. No. H-11018/2/95-UPA (NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.27, Chapter I of the Report

Recommendation Para No. 9.4

1.99 The Committee note that the targets fixed under the Yojana are not commensurate with the total number of urban population living below the poverty line. Further, the number of beneficiaries covered in the various schemes of the Yojana is less than the targets fixed. The Committee, therefore, recommend that drastic steps should be taken to implement the Yojana to meet the challenge of rapid growth of urban poor.

Reply of the Government

Under Nehru Rozgar Yojana funds are allocated by the Planning Commission on a year to year basis. Targets are fixed keeping in view the funds allocated and not according to the total number of urban population living below the poverty line. According to the VIII Five Year Plan Document, it is estimated that there are about 41.8 million urban poor living below poverty line. With the swift and continuous urbanisation, the urban population is likely to increase due to continuous migration from rural hinterland in search of livelihood. With a view to combating urban poverty, adequate funds will be required for assisting more and more urban poor.

As far as the achievement of targets under the Yojana is concerned, the position as on 31.3.95 is given below :

	(Figures in lakh)	
	Target	Achievement
Beneficiaries assisted for setting up Micro-Enterprise	6.06	6.55
Beneficiaries trained undergoing training under SUME	1.76	1.57
Mandays of work generated under SUW	413.54	394.53
Dwelling units upgraded/being upgraded under SHASU	8.00	3.74
Mandays of work generated under SHASU	498.22	146.99
Persons trained/undergoing training under SHASU	1.09	0.45

It would thus be observed that the targets fixed under SUME have been exceeded. However, there is a nominal shortfall in achievement of targets under SUME mainly due to some States not taking up labour intensive works. Regarding SHASU, the States are not enthusiastic about submitting more scheme to HUDCO because they feel reluctant in furnishing State/Block guarantee to HUDCO on behalf of their Urban Local Bodies (ULBs) for the fear of non-recovery

of HUDCO's loan portion. State Governments/UT Administrations have been impressed upon from time to time to accelerate the pace of implementation of the Yojana in their States/UTs to achieve the targets.

[O.M. No. H-11018/2/95-UPA (NRY) dated 21.6.95]

Comments of the Committee

Please *see* Para 1.63, Chapter I of the Report

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation Para No. 3.9

1.100 The Committee stress the need for proper identification of the beneficiaries under the Yojana so that the benefits of the Schemes are available to the really deserving people. The Committee recommend that the association of NGOs in the process of identification of the beneficiaries should be further strengthened. They also recommend that the city level task forces for identification of the urban poor should be constituted wherever these do not exist and comprehensive door to door surveys should be conducted.

Reply of the Government

While inviting attention to the Guidelines for identification of beneficiaries, instructions were issued on 16.7.93 bringing out the use of non-economic parameters at the time of conducting such survey. At the instance of the Reserve Bank of India/Ministry of Finance and on decision in the meeting of the High Powered Committee on Institutional Credit Support, all the States/UT Administrations were directed on 21.12.93 to set up Task Force at the local level for each town covered/ to be covered under Nehru Rozgar Yojana for identification of the bonafide beneficiaries under the Scheme of Urban Micro Enterprises. On receipt of the Report of the Comptroller and Auditor General, the instructions were reiterated on 16.12.94. Now again, all the States/UT Administrations have been enjoined upon to set up Task Force if not already done and conduct on priority basis, appropriate socio-economic surveys strictly in accordance with the prescribed procedure as per *Annexure*.

[O.M. No. H-11018/2/95-UPA (NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.14, Chapter I of the Report

Recommendation Para No. 5.9

1.101 As regards the recovery of loan the Committee observe that there is no collateral security. The only formality which has to be

done by the person who is borrowing money from the Bank is to hypothecate the assets which are being created out of the loan amount. The Committee recommend that the condition of security should be reviewed. To improve the recovery position the Committee also recommend that the issue should be taken up with the State Government in order to sort out their difficulties but major thrust should be to achieve the targets.

Reply of the Government

The comments of the Reserve Bank of India, Ministry of Finance and the State Governments/UT Administrations have been called for as per *Annexure*.

[O.M. No. H-11018/2/95-UPA (NRY) dated 21.6.95]

Comments of the Committee

Please see para 1.41, Chapter I of the Report

Recommendation Para No. 6.10

1.102 The Committee recommend that the provision for collateral security should be made in the case of the loans provided under SHASU by the State Governments to improve the recovery position.

Further Central Government should take the matter with State Governments and stress for completing expeditiously the post-sanction formalities.

Reply of the Government

The comments from State Governments and Housing and Urban Development Corporation (HUDCO) have been called for in this regard as per *Annexure A*.

In February, 1994, State Governments/UT Administrations were impressed upon through a D.O. letter dated 21.2.94 from the Joint Secretary to gear up the State machinery to ensure proper utilisation of funds under the Scheme and take urgent steps for getting more schemes/projects sanctioned and lifting the subsidy and loan amount under the Scheme for Housing and Shelter Upgradation (SHASU), State Governments/UT Administrations have again been addressed (*Annexure-B*) requesting them to take drastic steps for improving the performance of Scheme of Housing and Shelter Upgradation in their States/UTs by submitting more and more schemes to HUDCO and expeditiously completing the post sanction formalities including giving Government guarantee or Bank guarantee from the scheduled bank

Reply of the Government

The comments from State Governments and Housing and Urban Development Corporation (HUDCO) have been called for in this regard as per *Annexure A*.

In February, 1994, State Governments/UT Administrations were impressed upon through a D.O. letter dated 21.2.94 from the Joint Secretary to gear up the State machinery to ensure proper utilisation of funds under the Scheme and take urgent steps for getting more schemes/projects sanctioned and lifting the subsidy and loan amount under the Scheme for Housing and Shelter Upgradation (SHASU), State Governments/UT Administrations have again been addressed (*Annexure-B*) requesting them to take drastic steps for improving the performance of Scheme of Housing and Shelter Upgradation in their States/UTs by submitting more and more schemes to HUDCO and expeditiously completing the post sanction formalities including giving Government guarantee or Bank guarantee from the scheduled bank acceptable to HUDCO. HUDCO has also been enjoined upon the issue necessary directions to their Regional Chiefs to assist the State Governments/UT Administrations in preparing projects, completing post sanction formalities etc.

[O.M. No. H-11018/2/95-UPA (NRY) dated 21.6.95]

Comments of the Committee

Please see Para 1.50, Chapter I of the Report

NEW DELHI;
18 December, 1995
27 Agrahayana, 1917 (Saka)

PRATAPRAO B. BHOSALE,
Chairman,
Standing Committee on Urban
and Rural Development.

APPENDIX I

MINUTES OF THE 1ST SITTING OF THE SUB COMMITTEE III OF COMMITTEE ON URBAN & RURAL DEVELOPMENT (1995-96) HELD ON 9TH OCTOBER, 1995

The Sub-Committee sat from 10.00 Hrs. to 11.30 Hrs.

PRESENT

Shri K.M. Mathew — *Convener*

MEMBERS

2. Shri Ram Deo Bhandari
3. Shri Sanipalli Gangadhara
4. Md. Ali Ashraf Fatmi
5. Shri B.K. Hariprasad
6. Shri Shiv Prasad Chanpuria

SECRETARIAT

- 1: Shri G.R. Juneja — *Deputy Secretary*
2. Smt. Sudesh Luthra — *Assistant Director*

2. The Sub-Committee considered the Action Taken Replies as furnished by the Ministry of Urban Affairs & Employment on 10th Report of the Committee parwise and proposed the comments on each of the Action Taken Replies. It was decided that the draft Action Taken Report be prepared on the lines of the suggestions of the Committee and will be placed before the Sub-Committee for consideration and approval at their next sitting. The draft Report thereafter may be placed before the main Committee for approval and adoption.

The Committee then adjourned.

MINUTES OF THE 19TH SITTING OF THE COMMITTEE
ON URBAN AND RURAL DEVELOPMENT (1995-96)
HELD ON 6TH DECEMBER, 1995

The Committee sat from 1500 hrs. to 1655 hrs.

PRESENT

Shri Prataprao B. Bhosale — *Chairman*

MEMBERS

2. Shri Surendra Pal Pathak
3. Shri Rampal Singh
4. Shri Devi Bux Singh
5. Shri Girdhari Lal Bhargava
6. Shri Ram Singh Kashwan
7. Shri Sudhir Giri
8. Shri Subrata Mukherjee
9. Shri Dharmabhiksham
10. Shri Nilotpal Basu
11. Shri Ram Deo Bhandari
12. Shri Shivprasad Chanpuria
13. Smt. Meera Das
14. Dr. B.B. Dutta
15. Shri B.K. Hariprasad
16. Shri Thennala Balakrishna Pillai

SECRETARIAT

1. Smt. Roli Srivastava — *Joint Secretary*
2. Shri G.R. Juneja — *Deputy Secretary*
3. Smt. Sudesh Luthra — *Assistant Director*

I. Consideration and Adoption of Draft Action Taken Reports.

2. The Committee considered the draft Report on Action Taken by Government on the recommendations contained in the 10th Report on 'Nehru Rozgar Yojana' and adopted it within slight modifications as indicated in Annexure.

3. ** ** ** **

4. The Committee then authorised the Chairman to finalise the Report on the basis of factual verifications by the Ministry concerned and to present the same to Parliament.

II. Selection of Subjects

5. ** ** ** **

6. ** ** ** **

The Committee then adjourned.

** Minutes of Selection of Subjects kept separately.

ANNEXURE

Page No.	Para No.	Additions/Modifications
1	2	3
4	1.14	<p>Substitute the following para for Para No. 1.14</p> <p>“The Committee note that the Ministry have impressed upon States & Union Territories administrations to set up a Task Force for identification of Urban poor. The Committee would like to be apprised about the number of Stated & Union Territories Administration where such Task Force for identification of beneficiaries has been constituted. The Committee would like to stress that Ministry should mention and review the problems of setting up of task force in all the States/Union Territories and issue directions for the speedy survey of identification of urban poor which would facilitate effective implementation of the programmes meant for the upliftment of urban poor. The Committee emphasize that Urban Local bodies elected in pursuance of 74th amendment of the Constitution of India should also be involved in the process of identification of beneficiaries. They would require to know the results of the directions issue by the Central Government to States/UTs and the impact of such directions in this regard.”</p>
5	1.17	<p>Substitute the following para for Para No. 1.17</p> <p>“The Committee had noted various anomalies such as allocation of funds more than or less than the State’s proper share, diversion of funds, etc. in the implementation of Scheme under the Yojana as pointed out in the audit paras of 1993-94 of the Ministry of Urban Affairs and Employment. The Government have stated in their reply that in spite of several reminders the Government of Assam have not responded. The Committee are constrained to observe that the Government of Assam have not cared to respond to the various anomalies</p>

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as pointed in the audit para. The Committee would like to know what positive steps have been initiated in general to check such irregularities whether any consequential guidelines have been issued and in specific, urge the Ministry to furnish a Report regarding the action taken by the Ministry on the non-responsive attitude of Assam Government apart from sending reminders and apprise the Committee within three months of the presentation of this Report.

The Committee feel that one of the major factors responsible for diversion of funds is the untimely release of the major portion of the funds by the Centre to the States mostly in last quarter of the financial year. They would like to reiterate their earlier recommendation and would like that the funds to the states should released timely”.

6 1.21

Substitute the following para for Para No. 1.21

“The Committee note that the Planning Commission have been addressed for allocation of adequate funds during the coming years in view of the recommendation of the Committee. The Committee would like to emphasize that while preparing the Budget Estimates for 1996-97, Planning Commission should again be impressed upon by the Government to provide adequate funds under the Yojana. The Committee feel that during 1996-97 *i.e.* the last year of the VIIIth Five Year Plan, adequate funds *i.e.* not less than the allocation made during the previous years, should be provided under the Yojana specially in view of the priority given by the Centre to solve the problem of urban unemployed.”

15 1.57

Substitute the following para for Para No. 1.57:

“The Committee note that the Government should not be contended by merely issuing

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directions to all the State Governments, Union Territory Administrations impressing upon them to take immediate action to provide more and more training under SUME and SHASU. The Government should take up quarterly review of training programmes being run by them to make it more effective. The Committee would urge the Central Government to assess the impact of their directions and monitor the progress made in all the States & Union Territories regarding adequate training under the Yojana. The Committee would like that the Government should evaluate the training programme *per se* by considering the success of number of beneficiaries assisted in absolute terms i.e. the trainees who could be trained well and establish themselves. The data in this regard since the inception of the Yojana should be furnished within three months of the presentation of this report".

APPENDIX II

(Vide Para 3 of Introduction)

Analysis of the Action Taken by Government on the recommendations contained in the Tenth Report of the Standing Committee on Urban and Rural Development (10th Lok Sabha)

I.	Total Number of Recommendations	33
II.	Recommendations that have been accepted by Government (Para Nos. 2.3, 3.5, 3.6, 4.7, 4.8, 4.11, 4.12, 5.6 to 5.8, 5.10 to 5.13, 6.9, 7.4 to 7.8, 8.8, 9.5, 9.8 and 9.9)	24
	Percentage to Total	71.73
III.	Recommendations which the Committee do not desire to pursue in view of the Government's Replies (Para Nos. 4.6 and 9.7)	2
	Percentage to Total	6.06
IV.	Recommendation in respect of which replies of Government have not been accepted by the Committee (Para Nos. 4.5, 4.9, 4.10 and 9.4)	4
	Percentage to Total	12.12
V.	Recommendation in respect of which final replies of Government are still awaited (Para Nos. 3.9, 5.9 and 6.10)	3
	Percentage to Total	9.09