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**STANDING COMMITTEE ON
URBAN DEVELOPMENT
(2007-2008)**

FOURTEENTH LOK SABHA

MINISTRY OF URBAN DEVELOPMENT

**DEMANDS FOR GRANTS
(2008-2009)**

THIRTY –FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

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(2008-2009)**

Presented to Lok Sabha on 16.4.2008

Laid in Rajya Sabha on 16.4.2008



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2008 / Chaitra, 1930 Saka

C.U.D. No.: 34

Price : Rs.

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Publish under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha

(Twelfth Edition) and Printed by

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**COMPOSITION OF THE STANDING COMMITTEE ON
URBAN DEVELOPMENT (2007-2008)**

Mohd. Salim - Chairman

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| 5. | Shri Kulmohan Singh Arora | - | Committee Officer |

*Shri Nandi Yellaiah, ceased to be the Member of the Committee consequent upon his retirement from Rajya Sabha w.e.f. 9.4.2008

INTRODUCTION

I, the Chairman of the Standing Committee on Urban Development (2007-08) having been authorized by the Committee to submit the Report on their behalf, present the Thirty-First Report on Demands for Grants (2008-09) of the Ministry of Urban Development.

2. Demands for Grants of the Ministry of Urban Development have been examined by the Committee under Rule 331E(1)(a) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took evidence of the representatives of the Ministry of Urban Development on 26 March, 2008.

4. The Committee considered and adopted the Report at their sitting held on 10th April, 2008.

5. The Committee wish to express their thanks to the officials of the Ministry of Urban Development for placing before them the requisite materials and their considered views in connection with the examination of the subject.

6. They would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

New Delhi;

**11 April, 2008
22 Chaitra, 1930 (Saka)**

**MOHD. SALIM,
Chairman,
Standing Committee on Urban
Development.**

CHAPTER I

INTRODUCTORY

1.1 The Ministry of Urban Development has the responsibility of broad policy formulation and monitoring of programmes in the areas of urban development, urban water supply and sanitation. Though these are essentially State subjects yet the Government of India plays a co-ordinating and monitoring role and

supports these programmes through Centrally Sponsored Schemes. The Ministry is also entrusted with the responsibility of planning and coordination of urban transport matters. The Ministry addresses various issues of urban sector through policy guidelines, legislative guidance and sectoral programmes.

1.2 Under its administrative control, the Ministry of Urban Development has four Attached Offices namely Central Public Works Department (CPWD), Directorate of Printing, Directorate of Estates and Land & Development Office; three Subordinate Offices; namely Government of India Stationery Office (GISO), Department of Publication, Town and Country Planning Organization (TCPO), two Public Sector Undertakings namely National Building Construction Corporation (NBCC) and Delhi Metro Rail Corporation (DMRC); and five Statutory/Autonomous Bodies including the Delhi Development Authority (DDA), National Capital Region Planning Board, (NCRPB), Delhi Urban Art Commission (DUAC) Rajghat Samadhi Committee and National Institute of Urban Affairs (NIUA).

Review of status of implementation of the previous recommendations of the Committee contained in Twentieth Report of the Committee on Demands for Grants (2007-2008) of the Ministry of Urban Development

1.3 The Twentieth Report (14th Lok Sabha) of the Standing Committee on Urban Development on Demands for Grants (2007-2008) of the Ministry of Urban Development was presented to Lok Sabha on 27th April, 2007 and the related

Action Taken Report i.e. Twenty Sixth Report (14th Lok Sabha) was presented to Lok Sabha on 22nd November, 2007.

1.4 In pursuance of Direction 73A of Directions by the Speaker, Lok Sabha, the Minister of Urban Development made a Statement before the House on 30th November, 2007. The Statement depicted the status of implementation of the recommendations of the Committee made in their Twentieth Report (14th Lok Sabha) on Demands for Grants (2007-2008).

1.5 In their Twentieth Report, the Committee had made 13 recommendations. All the 13 recommendations have been accepted by the Government. Out of 13 recommendations, 12 recommendations are in the process of implementation and 1 recommendation is yet to be implemented by the Government. All the 13 recommendations contained in the Twentieth Report of the Committee on Demands for Grants (2007-2008) of the Ministry of Urban Development, which have been accepted by the Government, are at various stages of implementation. Few of these issues have been again dealt with in the present Report. The Committee desire that the recommendations of the Committee should be implemented in the right earnest and in a time bound manner.

1.6 The Detailed Demands for Grants (2008-2009) of the Ministry of Urban Development were laid in Parliament on 17th March, 2008. The Budget of the Ministry of Urban Development comprises of three Demands for Grants, namely:

Demand No. 100	-	Urban Development
Demand No. 101	-	Public Works
Demand No. 102	-	Stationery & Printing

CHAPTER II

Overall Analysis of the Demands for Grants of the Ministry of Urban Development for the year 2008-2009)

2.1 As per the Budget related documents submitted by the Ministry to the Committee, the overall Budget Estimates (BE) 2008-09 is Rs.4379.24 crore (Gross), including both Plan and Non-Plan. Anticipated recoveries to be made during the year itself are of the order of Rs.250.49 crore. Thus the net budget of the Ministry, both Plan and Non-Plan,

works out as Rs.4128.75 crore. The provisions on the Revenue and Capital sides are Rs.1727.55 crore and Rs.2401.20 crore respectively. The break-up of Plan and Non-Plan provision is Rs.2553.75 crore and Rs.1575.00 crore, respectively.

2.2 The Plan figures include provision for Capital Works of other Ministries and Departments, which is Rs.53.10 crore for Non-residential Works (Demand No.101) and Rs.0.65 crore for Residential Works (Demand No.100). Net Plan allocation of the Ministry is Rs.2500.00 crore.

2.3. Demand wise Budget Estimates and Revised Estimate 2007-08 and Budget Estimates 2008-09 (Plan) & (Non-Plan) are as under: -

(Rs. in crore)

	B.E. 2007-08			R.E.2007-08			B.E. 2008-09		
Demand No. & Name	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
<u>Demand No. 100- Ministry of Urban Development</u>									
(a) Revenue	561.50	464.84	1026.34	538.50	459.26	997.76	494.50	466.81	961.31
(b) Capital	1569.50	124.16	1693.66	2361.50	129.74	2491.24	1922.15	123.19	2045.34
Total	2131.00	589.00	2720.00	2900.00	589.00	3489.00	2416.65	590.00	3006.65
<u>Demand No. 101-Public Works</u>									
(a) Revenue	23.00	662.95	685.95	8.38	622.85	631.23	9.00	707.37	716.37
(b) Capital	181.52	177.05	358.57	131.62	237.15	368.77	128.10	227.63	355.73
Total	204.52	840.00	1044.52	140.00	860.00	1000.00	137.10	935.00	1072.10
<u>Demand No. 102-Stationery& Printing</u>									
(a) Revenue	0.00	49.35	49.35	0.00	34.40	34.40	0.00	49.87	49.87
(b) Capital	0.00	0.65	0.65	0.00	0.60	0.60	0.00	0.13	0.13
Total	0.00	50.00	50.00	0.00	35.00	35.00	0.00	50.00	50.00

2.4 On the budgetary allocation for the year 2008-2009, the Ministry of Urban Development, in a written note, stated that the budgetary provision for the year 2008-09 of the Ministry of Urban Development would be sufficient to sustain the on-going Schemes of the Ministry. However, the Planning Commission has noted the request of the Ministry for higher allocations and had intimated that due consideration will be given to the matter at the time of Supplementary Demand and RE stage.

2.5 When enquired, as to why the expenditure on Urban Development by the Centre in the last 10 years has been hovered between 0.4% to 0.7% of the total Central Budget, the Ministry, in a written reply stated that the expenditure of the Ministry of Urban Development is only one component of the total investment that is taking place in the urban areas. The Additional Central Assistance (ACA) that is given under JNNURM is reflected in the Demands for Grants of the Ministry of Finance. Besides these expenditure, the State Governments and the local bodies also make investments on civic services. However, these investments are not sufficient to provide reasonable civic services to people living in urban areas.

2.6 The Planning Commission has estimated the funds required during the 11th Plan Period (2007-2012) to be Rs. 1,29,237 crore. The Planning Commission emphasized the need for more resources in the urban sector. With the help of the Planning Commission, the Ministry Urban Development is hopeful of convincing the Ministry Finance to allocate more resources for Urban Development in the coming years.

2.7 During the oral evidence of the representative of Ministry of Urban Development held on 26th March, 2008, the Committee sought the Ministry's view on the proper utilization of budgetary allocation. The Secretary, UD responded as follows:-

“The Ministry has initiated measures to strengthen monitoring of implementation of various schemes under it to ensure proper utilization of funds released by it and timely completion of projects. Under JNNURM, a system of monthly review has been initiated apart from quarterly progress reports and monitoring by independent agency. Regional reviews and supervision by senior officers in the Ministry is also being undertaken. The website of the Ministry provides information on projects and schemes of the Ministry for enhanced transparency and engagement of citizens with the Ministry's Programmes and Policies. Apart from this, the level of engagement with the States and Cities has been significantly enhanced to ensure that remedial measures are undertaken without delay. Further, a system of monthly D.O. letters also ensures that all concerns

relating to projects and programmes are brought to the notice of highest executive so that they are addressed without delay.”

Amount Surrendered by the Ministry of Urban Development from 2002-03 to 2006-07.

2.8 In a written reply, the Ministry of Urban Development furnished the following details regarding the amount surrendered by the Ministry under its three demand heads from 2002-03 to 2006-2007:

Amount Surrendered

Demand No 100 –UD	Rs. 1185.38 crore
Demand No. 101-Public Works	Rs. 247.33 crore
Demand No. 102 – Stationery and Printing	Rs.66.63 crore

2.9 The main reason given by the Ministry regarding surrender of funds during the years 2002-03 to 2006-2007 was non receipt of Administrative approval and Expenditure Sanctions.

Proper Utilization of Budgetary Allocation

2.10 The Committee note that the Budget Estimates (2008-2009) of the Ministry of Urban Development is Rs. 4128.75 crore (Both Plan & Non-Plan). As per the Ministry’s submission, the same would be sufficient just to sustain the ongoing schemes of the Ministry during the year 2008-2009. The Committee also take note of the submission made by the Secretary, Urban Development before them, during

the course of the Oral Evidence, that measures have been initiated to strengthen the monitoring of implementation of various schemes to ensure proper utilization of funds released by it and timely completion of projects. However, the Committee are dismayed to note that the Ministry has surrendered substantial funds from 2002-2003 to 2006-2007 under its three demands, the largest being Demand No. 100 (UD), which amounts to Rs. 1185.38 crore. The justification tendered by the Ministry to the surrender of funds as non-receipt of approvals and sanctions does not seem tenable, as the Ministry is surrendering the funds year after year, which can be prevented if the estimation projection is submitted in a time bound manner and vigorously pursued thereafter. The Committee feel that this merely depicts lack of financial accountability and responsibility on the part of the Ministry. Thus, they desire that the Ministry should make sincere efforts for efficient utilization of funds and ensure effective implementation of schemes through strict monitoring and coordination between various implementing agencies so as to avoid the practice of surrendering funds, after seeking higher allocation at Supplementary or Revised Estimate stage.

Urban Infrastructure vis-à-vis Budgetary allocation for Urban Development

2.11 As per Economic Survey (2007-08), 285.35 million people reside in urban areas constituting approximately 28 per cent of the total population (as per the 2001 Census). It is estimated that the share of urban population may increase to about 40 per cent of the total population by 2020-2021. In this context, improving the urban infrastructure covering basic civic services like water supply, sewage, solid waste management and

urban transport assume great significance. Municipal institutions responsible for providing these civic services are facing acute shortage of capacity and resources.

2.12 The Ministry of Urban Development, in their Annual Report (2007-2008), also acknowledged that investments to meet the urban infrastructure, service needs and housing demands were grossly inadequate and had lagged behind the required levels. The conclusion on inadequate expenditure on Urban Development could be drawn from the following figures, which were furnished by the Ministry of Urban Development regarding expenditure on Urban Development by Centre as percentage of total expenditure:-

2.13 Expenditure on UD by Centre as percentage of Total Expenditure
(Rs in crore)

Year	UD	Total EX. Of Centre	% UD to Total
1997-98	1510.43	232067.80	0.651
1998-99	1407.25	279365.30	0.504
1999-2000	1525.62	298084.45	0.512
2000-01	1613.27	325610.63	0.495
2001-02	2695.61	362452.80	0.744
2002-03	3239.33	414162.03	0.782
2003-04	3636.71	471368.41	0.772
2004-05	3412.64	497681.98	0.686
2005-06	3956.92	506122.93	0.782
2006-07	2989.96	583386.61	0.513

The Ministry have informed that the Planning Commission has estimated the fund required during the 11th Plan period to be Rs. 1,29,237 crore. The Planning Commission has emphasized the need for more resources in the urban sector.

2.14 When asked about the reasons for a very low percentage of total expenditure incurred on urban development by the Central Government, the Secretary, UD during the course of oral evidence deposed as under:-

“This is the reality and this is the given situation. It is not that we have stopped making efforts. As I mentioned, when we do these calculations, there are various other essential expenditures which probably remain outside this calculation. When we look at the Budgetary allocation for this Ministry, the provision under JNNURM does not get reflected because that is shown as ACA and it is directly shown by the Finance Ministry. As rightly mentioned, States spend a huge amount. Financial institutions also spend money in the urban areas; local bodies are also spending money. All this has not got totalled anywhere. I accept the fact that the type of investments that must take place in the urban areas may not be taking place. That would probably take us to the urban-rural issues and other related aspects. We have looked at the outlays and provisions of some of the Ministries and compared as to where we stand. If we take some other Ministries, the allocation in comparison to what we get is even smaller than what we would be getting. The point, I would like to emphasis is that there is a need to find more resources for improving infrastructure and adding to the facilities in our urban areas. It is always stated that close to 60 per cent of the GDP comes from the cities of our country. Our effort is to see what additional resources can become available. Our dialogue is open with various other financial institutions also so that when cities need this investment, they have recourse to such investments. What is also not getting reflected is, as I mentioned, the additional activities, which can be taken up through the multilateral institutions mechanism and

through other resources which are available. So, it is not fully accounted for here. It is also a fact that the per capita spending by our local bodies itself is very limited. That also has to improve. Once this devolution of function takes place and once the State Finance Commissions do a regular job of reviewing the devolution part once in every five years and make appropriate recommendations, the local bodies can also take up this task more strongly. I must also mention that reforms also emphasize the need for the levy of user charges. Once these user charges are there, probably the local bodies would be in a better position to handle the day to day work which they should be handling in a much more satisfactory manner. I may also state that in the context of preparation of the current five year plan, working groups had looked at the requirement of funds for the infrastructure services and urban transport sector. The projection made is something like Rs. 1,27,000 crore would be required for our cities and towns for the basic sectors of drinking water, sewerage, solid waste management and drainage. About Another Rs. 1,31,000 would be required to improve transportation in our cities and towns. So, these are the two major projections which have been listed and taken note of by the Planning Commission. Our dialogue is continuing with the Planning Commission, other than the Gross Budgetary Support which becomes available and whatever institutional assistance becomes available, I do emphasize the point that we have to look for additional sources whereby the cities can continue to sustain these activities and continue with the tempo of enhancing the provision of these basic facilities.”

Adequate Allocation for Urban Development

2.15 The Committee note that with the rise in the share of urban population, improving the urban infrastructure covering basic services like water supply, sewage, solid waste management and urban transport have assumed greater significance. The Municipal institutions responsible for providing these civic services are facing acute shortage of capacity and resources. As per the documents received from the Ministry on their Demands for Grants, the Committee note that the net Budgetary Estimates 2008-2009 is Rs. 4128.75 crore consisting of Rs. 2553.75 crore under Plan head and Rs. 1575.00 crore under Non-Plan head. Besides, a sum of Rs. 3100.37 crore has been provided as Additional Central Assistance for JNNURM projects, which is reflected in the Demands for Grants of the Ministry of Finance. However, the Committee has been informed that the Planning Commission has already estimated the funds required for urban development during 11th Plan

period as Rs. 1,29,237 crore, which would mean Rs. 25847 crore (approximately) for each year. In fact, the Ministry has already planned to approach the concerned Ministry to get additional resources. The Committee thus infer that the investments required to meet the needs of urban infrastructure are grossly inadequate and have consistently lagged behind the required levels. It is distressing to note that the expenditure incurred on urban development by the Central Government is generally hovering between 0.49% to 0.78% out of their total expenditure from 2000-01 to 2006-07. The Committee are, therefore, convinced that the growth in urbanization, which includes a three fold increase in the number of million plus cities in the last 10 years, has not been accompanied by a corresponding investment for improving the urban infrastructure and civic services. Thus, there is a need to allocate adequate funds for improving urban infrastructure and civic services keeping in view the growth of economy of the country, as the cities are important determinants of national economic growth. At the same time, the onus lies on the Ministry of Urban Development to utilize the allocated funds in an efficient and prudent manner. The Committee, therefore, recommend that the Ministry should constantly strive to follow the best practices in utilizing the allotted funds so as to improve the living conditions in urban areas through improved service delivery, financial sustainability of ULBs and better urban governance.

Detailed study required to assess the demand-supply situation for urban infrastructure

2.16 The Committee note that despite the slowing down of urbanization at the macro level in India, as suggested by some comparative studies, the pressure on the class I cities, metros and mega cities is still crushing and the long term stakes involved in putting good planning and resources mobilization in place, are quite high. The Committee are also aware that so far no detailed study has been done by the Government to understand as to how the existing gap between the demand and supply of resources could be bridged so that a viable urban infrastructure could be established, developed and sustained. While examining the Demands for Grants of the Ministry of Urban Development year after year, the Committee has gathered an impression that such a study is urgently required to be undertaken by the National Institute of Urban Affairs, an autonomous body within the Ministry, which can

guide them on the investments needed to ensure a sustainable delivery of urban services. They, therefore, urge the Ministry to take action on the matter urgently and apprise them of the same in due course.

Public-Private-Partnership (PPP) in Urban Infrastructure Development

2.17 The Committee desired to be apprised of the steps taken by the Ministry to encourage Public-Private-Partnership (PPP) in urban infrastructure development, the Ministry, in a written reply, stated that the infrastructure deficit in the urban areas required a very large amount of investment over the next five years and it would be difficult for the Centre, State and ULBs alone to mobilize the funds. In order to encourage private sector to participate in investing in the creation of Urban Infrastructure investment in the Cities, there was a need for an enabling environment for same.

2.18 The Ministry further informed that initiatives under the JNNURM like implementation of process, financial, administrative and structural reforms and capacity

building initiatives like credit rating of urban local bodies were aimed at increasing the scope for structuring of projects under PPP in urban infrastructure.

2.19 The Committee were intimated by the Ministry that while sanctioning projects by Central Sanctioning and Monitoring Committee (CSMC), Cities were advised to look for opportunities in structuring the projects under PPP. In all the Solid Waste Management projects sanctioned for the cities, the ULBs are advised to explore possibilities for structuring PPP in waste processing, recycling and reuse and waste-to-energy options.

2.20 Further, it was stated as follows:-

“The High Speed Express Link from New Delhi Railway Station to IGI Airport and its extension to Dwarka Sector-21 has been approved by the Government for implementation of the project on public private partnership (PPP) basis with civil works alone to be completed by Delhi Metro Rail Corporation (DMRC) Ltd. and the system and the rolling stock being provided by the private Concessionaire. DMRC is in the process of finalizing the agreement with the Concessionaire.”

PPP in Urban Infrastructure Development

2.21 The Committee are of the view that urbanization has undergone a major change following the country's transition towards a market based economy. The urban infrastructure deficit requires a large amount of investment. However, the Government find it difficult, if not impossible, to mobilize the requisite investment. The Committee, therefore, feel that while constantly increasing the Government's investment in the urban infrastructure in the current scenario, there is also a need to create a conducive environment for Public-Private-Partnership with adequate regulatory mechanism. As per the Ministry, under the JNNURM, possibilities are being explored to get projects on solid waste management under the PPP mode.

Also, the High Speed Express Link from New Delhi Railway Station to IGI Airport and its extension to Dwarka Sector-21 has been approved by the Government for implementation of DMRC project on Public-Private-Partnership basis. The Committee feel that in addition, the Ministry may advise the Mission cities to explore projects on water supply and recycling, reuse of waste water, transport, etc. also under PPP structure. They further feel that some of the private institutions may have developed requisite expertise in these areas, which can prove to be very useful for the Mission projects. The Committee expect the Ministry to explore such areas and utilize the PPP concept in the best possible manner.

CHAPTER-III

Scheme-wise / Programme-wise Analysis of Demands for Grants (2008-09)

3.1 The Ministry of Urban Development is implementing a number of Schemes for assisting the States in meeting the challenge of rapid urbanization. An analysis of some of the important schemes and progress reported during the year 2007-2008 are given in the succeeding paragraphs.

I. Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

3.2 Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched on December 3, 2005 with the goal of achieving reforms driven, fast track and planned development of identified cities. As per the Annual Report of the Ministry, significant progress has been made since the launch of the Mission. All States and Union Territories under the Mission have committed to a time-bound agenda for implementation of urban sector reforms mandated under the Mission. All the 63 Mission Cities have submitted their City Development Plans delineating their long-term vision for development. Significant accomplishments in implementation of reforms and kick-starting of large urban infrastructure projects validate the approaches adopted by the Government towards transformation in the urban sector targeted by the Mission.

3.3 As per the Outcome Budget (2008-2009), so far 324 projects totaling Rs.30135.23 crore have been sanctioned for 54 Mission cities across the country. The Government of India has committed a share of Rs.14612.46 crore towards these out of which Rs.3700.55 crore has been released. It has been stated that while sanctioning these projects, highest priority has been accorded to sectors that directly touch the lives of the common man and the urban poor, viz., water supply, sanitation and storm water drainage. As on 31st December 2007, nearly 50% of seven year ACA commitment under sub-Mission on Urban Infrastructure and Governance has already been made. Moreover, nearly one-fifth of the targeted milestones under JNNURM reforms have been achieved.

3.4 A statement showing the State-wise details of projects sanctioned as submitted by the Ministry is given at Annexure-I.

3.5 In their post evidence reply, the Ministry stated that under the JNNURM also, so far three projects have been approved by the Central Sanctioning & Monitoring Committee (CS&MC) of the Ministry of Urban Development in respect of Bangalore,

Chandigarh and Nagpur wherein recycling and reuse of waste water has been proposed for various non potable uses.

3.6 The Annual Report states that the experience in implementation of the Mission has underscored the need for special efforts for augmenting the capacities of state agencies and urban local bodies. The Mission has undertaken a number of initiatives to help such States and Cities to accelerate the implementation of the Mission. Program Management Units at State level and Project Implementation Units at city level are being set up with support from the Mission. Independent Review and Monitoring Agencies are being engaged to monitor the progress in implementation of reforms and projects. Intensive training and orientation programs are being carried out across the country in the Mission cities for officials and elected representatives. The exercise for financial credit rating and assessment of ULBs in Mission cities is nearing completion.

Physical / Financial Performance

3.7 In a written reply to a query from the Committee regarding performance of JNNURM, the Ministry of Urban Development stated that Jawaharlal Nehru National Urban Renewal Mission was a demand-driven programme where State/UT Governments are required to send quality DPRs as per the guidelines of the Mission. A number of measures were stated to be already taken to enable the States/ Cities to submit quality DPRs. The CDPs of all the Mission cities had been appraised by four Appraisal Agencies assigned for the purpose, viz., Centre for Environmental Planning and Technology (CEPT), Administrative Staff College of India (ASCI), National Institute of Urban Affairs (NIUA),

National Institute of Public Finance and Policy (NIPFP). It was informed that out of the 63 Mission cities, the DPRs have been received from 59 cities except Panaji, Jamshedpur, Dhanbad and Bodhgaya. The DPRs were appraised technically by Central Public Health Engineering and Environmental Organisation (CPHEEO), Central Public Works Department (CPWD) and the Director (UT) of the Ministry. These were approved by Central Sanctioning and Monitoring Committee. So far, 324 DPRs had been approved by Central Sanctioning and Monitoring Committee.

3.8 The Ministry of Urban Development, in a written reply further stated as under:

“For the financial year 2008-09 an amount of Rs.3100.37 crore has been allocated for JNNURM (UIG). This is against a projection of Rs.4400.00 crore. This projection has been arrived at on the basis of new projects expected during the year 2008-09, the requirement of funds for 2nd and subsequent installments of Additional Central Assistance (ACA) for projects sanctioned up to 2007-08. Therefore, there could be a shortage of funds during the course of the year.”

3.9 On the allocation for JNNURM (UIG) for the year 2008-2009, the Secretary, UD during the evidence added as under:-

“A sum of Rs. 3100.37 crore has been provided as Additional Central Assistance (ACA) to Urban Infrastructure and Governance component for 2008-09. In addition ACA has also been provided for UTs. I may also point out the allocation for the next financial year may not be adequate for the Mission keeping in view committed liability for next year and sanction of new projects.”

3.10 When asked about the steps taken by the Ministry to check the trend of under-utilization of funds under the Mission, the Ministry in a written reply stated that

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was a demand-driven programme where State/UT Governments were required to submit the DPRs and implement the projects as per the approval of the Government.

3.11 The Ministry further stated as follows:-

“One of the factors for not availing funds under Jawaharlal Nehru National Urban Renewal Mission by the ULBs is the limited financial base of ULBs. A key strategy for sustaining the Mission is to diversify the funding sources, given the substantial investment requirement and limited financial base of the ULBs.

JNNURM has undertaken an exercise for assessment of finances and credit worthiness of the Mission ULBs, through a process of Credit Rating. This is intended to trigger the process of leveraging debt for JNNURM projects and to provide a platform for the ULBs and financial institutions to engage on issues related to project financing. Presently, 42 ULBs in the Mission cities have been assigned draft ratings.

Central Sanctioning and Monitoring Committee also reviews the progress made by ULBs in implementation of the approved projects. One of the modules of Rapid Training Programme (RTP) programs relates to project implementation which will enable the cities to expedite the completion of the projects.

Officers of the level of Joint Secretary and above in the Ministry have been designated as Co-ordinators for various States for monitoring implementation of projects/reforms under Jawaharlal Nehru National Urban Renewal Mission. The Co-ordinators visit the States and cities to review the progress of projects/reforms. Visits have been undertaken to the States of Maharashtra, Karnataka, Andhra Pradesh, Madhya Pradesh, Chhattisgarh, West Bengal, Uttaranchal and Uttar Pradesh so far.

MoUD is extending financial and technical support to establish Project Implementation Units (PIUs) by ULBs to enhance their capability to effectively implement projects and reforms under JNNURM. The PIU is meant to be an operations unit supplementing and enhancing the existing skill mix of the ULB, rather than a supervisory body. It is expected to work in tandem with the existing staff with focus on strengthening implementation of projects and reforms Mission. A PIU is envisaged to consist of professionals such as Information Technology Officer, Municipal Finance Officer, Public Health Engineer, Social and Community Development Officer, Urban Planning Officer, Human Resources Development Officer and Environment Officer.”

3.12 During oral evidence of the Ministry of Urban Development, the Committee were of the view that empowering the ULBs as per the 74th Constitution Amendment Act was a very significant aspect to ensure success of their involvement in the JNNURM. Replying to the query, the representatives of the Ministry of Urban Development submitted as follows:-

“One of the reform measures is fulfilling the requirements of the 74th Constitution Amendment whereby 18 functions should get transferred to the local bodies as per the 12th Schedule of the Constitution. We have States which signed Memoranda of Agreement that they will be completing this task within the outer limit of 2011-2012. We have some States which have already completed transferring these functions to the local bodies. The remaining States have committed to transfer all these functions to the local bodies. So, we would envisage by the time this Mission gets completed by the year 2011-2012, all the States would have transferred these

functions to the urban local bodies, thereby empowering them to a considerable extent.”

3.13 As the JNNURM is into third year of its existence, the Committee further enquired to know as to whether any efforts have been made by the Ministry to review the impact made by the Mission so far on the lives of an urban dwellers. Responding to the query, the Secretary, Ministry of Urban Development stated as under:-

“As I mentioned, remaining within the Mission objectives and Mission contours, some sort of mid course review would be required and that would be, I think the mechanism where all such concerns or aspects would get addressed, of course, while remaining within the larger mandate given to us.”

Strengthening Capacity Building of ULBs

3.14 The Committee note that the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched on 3rd December, 2005 with the goal of achieving reforms driven, fast track and planned development of identified 63 cities. Significant progress has reportedly been made since the launch of the Mission. As on 31st December, 2007, nearly 50% of the seven year ACA commitment under its sub-Mission on Urban Infrastructure and Governance (UIG) has already been made. According to the Ministry, nearly one fifth of the targeted milestones under JNNURM reforms have been achieved. The Committee further note that of the 63 Mission cities, the DPRs have been received from 54 cities so far. The Committee desire

that the Ministry should impress upon the remaining cities to submit DPRs at the earliest so that Mission could sustain its desired momentum in its third year. Although there is still some time left to assess the overall impact of the Mission, the Committee desire that there is a need to strengthen the capacity building of ULBs belonging to the slow performing cities through experience / knowledge sharing on urban reforms and city governance. In this connection, the Committee desire the Ministry to identify cities which have performed very well under JNNURM so far and recommend the slow performing cities to learn from the models followed by those cities in tackling the problems/difficulties in implementing various urban reforms. In a similar spirit, organizations in the Ministry like the Central Public Health and Environmental Engineering Organization (CPHEEO) can extend their expertise in diverse fields like water supply, solid waste management, etc., to help them prepare their DPRs. Such efforts would go a long way in making the Mission cities more livable, economically productive, efficient, equitable and responsive.

Need to enhance capacity of Municipal bodies by providing appropriate staff training

3.15 From the Annual Report of the Ministry, the Committee note that they support research and training activities for the municipal employees through 3 Regional Centres in Mumbai, Hyderabad and Lucknow and also at the Indian Institute of Public Administration (IIPA), New Delhi, wherein training courses on topics relating to local self-Government, low cost sanitation, etc. are organized. The Committee expect the Ministry to encourage the State Governments, particularly those belonging to the less developed category, to make optimal use of the existing training facilities. They are of the opinion that the municipal employees all over the

country should have a systematic training to acquire the right attitude, skill and knowledge to deliver public service in a citizen-friendly manner and hope that the training programmes organized by the Ministry are aimed for the same. Only then the benefits of a Mission like the JNNURM can reach the deprived sections of society.

Allocation of adequate funds for JNNURM

3.16 The Committee note that for the year 2008-2009 an amount of Rs. 3100.37 crore has been allocated for JNNURM (Urban Infrastructure and Governance) despite a projection of Rs. 4400 crore made by the Ministry. The Committee further note from the submission made by the Ministry that the allocation of Rs. 3100.37 crore during the year 2008-09 would not be adequate for the Mission, keeping in view the committed liability as well as sanction of new projects during the year 2008-09. The Committee recommend that the Government should continue in their efforts to get adequate funds allocated for the JNNURM early, to meet the requirements of

committed liability and sanction of new projects in the coming years, so that the goal of achieving reform driven, fast track and planned development of identified cities could be achieved without any time overruns.

Enhancement of Credit Worthiness of ULBs

3.17 The Committee note that one of the factors for the ULBs not availing funds under JNNURM is their limited financial base. The JNNURM, being a demand driven scheme, experiences variations in achievement of targets due to limited involvement of ULBs, which are stakeholders in projects under JNNURM. The Committee have been informed that the JNNURM has undertaken an exercise for the assessment of finances and credit worthiness of the ULBs, through a process of Credit Rating and that 42 ULBs in the Mission cities have been assigned draft ratings. The Committee feel that since a key strategy for sustaining the Mission is to diversify

the funding sources, given the substantial investment requirement and limited financial base of ULBs, the Government, while sanctioning the projects, should make efforts to explore the feasibility of Public-Private-Partnership in the areas wherever it is feasible. They are of the opinion that the Mission cities, being metros and large cities, would be considered commercially attractive by the private sector and thus it is possible to find takers for the proposed projects under JNNURM in the private sector.

Mid-term appraisal of JNNURM

3.18. The Committee note that under JNNURM, the Ministry has initiated a system of monthly review, apart from quarterly progress and monitoring by independent agencies. Regional reviews and supervision by senior officers in the Ministry is also being undertaken. The Committee feel that the ultimate aim of an urban renewal programme like the JNNURM is to ensure that its benefits percolate down to the most under-privileged sections of the urban society. They, therefore, urge the Ministry to

conduct a mid-term appraisal of the JNNURM so as to know its impact so far on the improvement of urban infrastructure and existing civic services for the urban dwellers.

II. Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)

3.19 Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) was launched in December, 2005 for improving the overall Urban Infrastructure covering Cites/Towns as per the 2001 census excluding 63 Mission cities covered under JNNURM. The Scheme proposes to cover areas like water supply, sewerage, storm water drains, solid waste management, construction/upgradation of roads, parking on PPP mode, prevention and rehabilitation of soil erosion in case of special category state and preservation of water bodies.

Physical and Financial Performance

3.20 In a written, note the Ministry stated that under the UIDSSMT Scheme, by December, 2007, ACA was released for 373 projects in 304 towns comprising 177 water supply, 86 road projects, 35 sewerage, 30 storm water drains, 29 solid waste management, 8 preservation of water bodies, 7 urban renewal and 1 parking project. Proposal for release of ACA to 48 projects in 38 towns was under process in the Ministry of Finance and Ministry of Home Affairs. In most of the projects, the implementation was at various stages. Once completed, it was expected that these will have beneficial impact on the urban infrastructure of the respective towns.

3.21 When asked so, the Ministry informed that no third party evaluation of the scheme had been undertaken so far. However, monthly review of the progress of the Scheme was being undertaken at the level of Secretary (UD).

3.22 As per the advisory issued by the Ministry, order of priority for the components to be covered in the scheme suggested water supply on the top priority followed by other sanitation projects. However, due to meager allocation for these projects only one project could be taken up in one town. As a result most of the towns had given priority to potable water supply.

3.23 The Ministry vide their written reply further added that out of 4313 towns / UAs as per Census 2001, 342 towns / UAs had been sanctioned 421 projects committing about Rs.4700.00 crore of ACA. Out of which Rs.2008.25 crore had been released to 17 States so far and release of Rs.413.85 crore was pending with M/o Finance / M/o Home Affairs in respect of 4 States and 1 UT.

3.24 The Committee were informed that the allocation for 2008-2009 was Rs. 879.69 crore as Additional Central Assistance to States for States Plan under UIDSSMT.

3.25 When asked as to whether the allocation for 2008-2009 would be able to meet the minimum financial requirements under the UIDSSMT, the Ministry in a written reply stated that the proposed allocation of Rs.879.69 crore during 2008-09 was insufficient to meet the minimum requirements of release of 2nd installments for the projects sanctioned on 31.3.2006 and during 2006-07 i.e. about Rs.1728.00 crore out of which Rs.14.00 crore was likely to be released during 2007-08. Hence, Rs.1714.00 crore was required to be released as committed liability of 2nd installment for the projects sanctioned during 2005-06 and 2006-07. Consistent with the existing pace and requirement from the State Govts. at least 300 fresh projects from the new towns / cities at an average cost of Rs.10.00 crore per project could be sanctioned during 2008-09 for which total committed ACA and 1st installment of same would be Rs.2400.00 crore and Rs.1200 crore respectively. Accordingly, the minimum requirement under UIDSSMT during 2008-09 was about Rs. 3000.00 crore (Rs.1714 crore + Rs.1200 crore).

3.26 In this connection, during the oral evidence, the representatives from the Ministry of Urban Development submitted as under:-

“...we feel that the allocation for smaller towns is not much because State Governments are vying to have at least one project for each town. Some States have already reached the allocation limit and it is becoming difficult for us to take up more projects.”

3.27 On being asked about the difficulties faced by the States / Uts in the effective implementation of UIDSSMT, the Ministry in a written reply stated that most of the small and medium towns were facing problems in getting good contractors for implementation of infrastructure projects like water supply and sewerage which was delaying the tendering process and issue of work orders. This had also led to cost escalation and delay in completion of projects. When asked about the projects on PPP mode under UIDSSMT, the Ministry submitted that so far only one parking project in Latur town of Maharashtra has been approved on the PPP mode. It was further stated that in small and medium towns, the PPP mode has not been found commercial feasible

for the private sector which explains less participation from their side. However, the Ministry informed the Committee about advisory issued to encourage PPP.

Adequate allocation for UIDSSMT

3.28 The Committee are of the opinion that by their sheer demographic dimensions, economic significance as well as vast magnitude of problems, the million plus cities in our country tower over the small and medium towns and thus grab attention of the policy makers in getting major chunk of the fund allocation. This, in turn, has resulted in disparities in the urban infrastructure in the large cities and the small and

medium towns. Nonetheless, the Committee feel that the small and medium towns have very important role to play in attracting and accommodating migrant population from their surrounding rural areas and thus, maintaining a balance in the urban growth. In this regard, the Committee note that the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) was launched in December, 2005 for improving the overall urban infrastructure covering all cities / towns as per the 2001 Census, excluding 63 Mission cities covered under JNNURM. The Scheme proposes to cover areas like water supply, sewerage, storm water drains, solid waste management, construction/upgradation of roads, parking on PPP mode, prevention and rehabilitation of soil erosion in case of Special Category States and preservation of water bodies. The Committee also note that the allocation for the Scheme for the year 2008-2009 is Rs. 879.69 crore, whereas, according to the Ministry, the minimum requirement under UIDSSMT during 2008-09 is about Rs. 3000.00 crore. The Committee feel that a shortage of Rs. 2120 crore is too staggering and thus, are of the view that the proposed allocation of Rs. 879.69 crore during 2008-09 would be insufficient to meet even the committed liabilities of the previous years. Consequently, it would not be possible for the Government to allot funds for further projects which are likely to be put forward this year for sanctioning purposes, thus directly affecting the small and medium towns. The Committee feel that this would further widen the disparity between small and big towns and defeat the very purpose of the UIDSSMT scheme. They, therefore, feel that the Government should increase the budgetary allocation for this scheme so that more projects could be taken up and completed in small and medium towns within the stipulated time period of the scheme.

Mid-term appraisal of UIDSSMT

3.29. The Committee note from the figures furnished by the Ministry that out of 4313 towns / urban areas as per Census 2001, only 342 towns / urban areas have been sanctioned 421 projects under the UIDSSMT scheme. The Committee have also been informed that some States have already reached the allocation limit and thus no further projects could be taken up by them. As the scheme is already into third year

of its time period, the Committee feel that the scheme should be evaluated in order to assess its performance so far, as well as to suggest improvements. In this regard, the Committee learn that no third party evaluation of the UIDSSMT Scheme has been undertaken so far, although, monthly review of the progress of the scheme is undertaken at the level of Secretary (UD). The Committee feel that the time is just right for the Government to conduct a mid-term appraisal / study of the scheme from a competent independent agency. They, therefore, urge the Government to take suitable action on the matter. At the same time, the Committee agree that the challenge of improving the current state of urban infrastructure in all the small and medium towns is gigantic and cannot be met with the existing budgetary support, and thus reiterate their earlier recommendation urging the Government to take a re-look at the funds allocated for the purpose in due course of time.

Alternative Suggestions on the implementation of infrastructure projects

3.30 From the submission made by the Ministry, the Committee note that most of the small and medium towns are facing problems in getting good contractors for implementation of infrastructure projects, particularly on water supply and sewerage, which is causing cost escalation and delay in completion of projects. The Committee desire that since the Ministry has identified the problem, they should issue an

advisory to all the State Governments on this matter, which are in a better position to give suitable alternative suggestions to their municipal bodies on the implementation of infrastructure projects so that cost escalation and delay in completion of projects could be avoided to the best possible extent.

III. Pooled Finance Development Fund Scheme (PFDF)

3.31 As per the preliminary material on Demands for Grants (2008-2009), the Government has approved on 29.9.2006 the Pooled Finance Development Fund (PFDF) Scheme to provide credit enhancement to urban local bodies to access market borrowings based on their credit worthiness through state level Pooled Finance mechanism. The broad objectives of PFDF are to:-

- ❖ facilitate development of bankable urban infrastructure projects through appropriate capacity building measures and financial structuring of projects.
- ❖ facilitate Urban Local Bodies to access capital and financial markets for investment in critical municipal infrastructure by providing credit enhancement grants to State Pooled Finance Entities (SPFEs) for accessing capital markets through Pooled Financing Bonds on behalf of one or more identified ULBs for investment in identified urban infrastructure projects.
- ❖ reduce the cost of borrowing to local bodies with appropriate credit enhancement measures and through restructuring of existing costly debts.
- ❖ facilitate development of Municipal Bond Market.

3.32 The scheme has since been approved by the Government on 29.09.2006. A Resolution conveying the decision of the Government has been issued on 25.10.2006. Necessary action for requesting all the State/UT Governments to take necessary preparatory action for operationalisation of the scheme in the State in accordance with the guidelines of the scheme to avail benefit from this financial year has been taken. The scheme was launched in a National Workshop organized in Chennai on 20th November, 2006. One Regional Workshop on PFDF was held at Kolkata on 21.2.2007 and second such Regional Workshop was held at Shillong on 5.4.2007.

3.33 To provide exemption in respect of interest on bonds issued by a State Pooled Finance Entity and specified by the Central Government by notification in the Official Gazette, Section 10(15)(vii) of the Income Tax Act has been suitably amended under Finance Act, 2007 enacted on 11.05.2007 and "State Pooled Finance Entity" has been defined therein to mean such entity which is set up in accordance with the Guidelines for the Pooled Finance Development Scheme notified by the Central Government in the Ministry of Urban Development. For operationalisation of the Scheme, Guidelines for Issue of Tax Free Pooled Finance Development Bonds have been issued on 7.6.2007. The matter has been pursued at the Chief Secretary and Chief Minister level on 23.1.2007 and 8.3.2008 respectively to expedite setting up of SPFEs in the States/UTs. However, so far, the States of Andhra Pradesh, Karnataka, Nagaland, Orissa, Rajasthan, Tamil Nadu, Kerala and Assam have set up their "State Pooled Finance Entity" for

implementation of the scheme in their States in accordance with the Guidelines of the Scheme. The State of Goa has intimated that setting up of a SPFE in the State is not feasible. First proposal for issue of tax free Pooled Finance Development Bond worth Rs.45.00 crore received from Water and Sanitation Pooled Fund, the designated SPFE of Tamil Nadu, has been notified by the Department of Revenue in the Official Gazette on 14.01.2008. The proposal involved release of Rs.4.50 crore towards contribution to CREF and Rs.1.16 crore for Project Development cost, which were released on 15.02.2008. During 2008-09, a budget provision of Rs.20.00 crore has been made for the Scheme.

3.34 The Ministry informed that the Planning Commission has provided Rs.400.00 crore for the scheme during the 10th Plan. As the scheme was approved at the fag end of the last year of 10th Plan, no expenditure could be incurred during 10th Plan. An allocation of Rs.2500.00 had been proposed for 11th Plan.

3.35 When asked as to why the scheme could not take off since the scheme was launched in November, 2006, the Secretary, UD during the course of oral evidence submitted as under:-

“It is a new beginning which has been made which was not in existence earlier. The idea was that the larger cities which have better finances or which have better ways of working, have been going in for issue of municipal bonds like Ahmedabad, Bangalore, Nagpur, etc. we thought there should be a mechanism whereby the next level of local bodies can be brought into the scheme of things. If their basic problem is that they do not have a good financial situation, a good balance sheet if I may put it like that, still they should be encouraged to access the bond market and that should be facilitated. That is why this scheme was drawn up. When the scheme was drawn up, it was envisaged that the interest rate envisaged at that stage would work.

But over a period of time, I believe, the market forces have changed and there is a slight modification. If I remember correctly, 8 States have set up their State-level entities to take advantage of the PFDP. One State Tamil Nadu, has already mooted one proposal to take advantage of this. Seven local bodies have grouped together. Through the State entity, they have sent the proposal and that is going to happen. It is a new beginning. It may not really catch on immediately all over the country.”

Need to encourage States to set-up State Pooled Finance Entities under Pooled Finance Development Fund Scheme (PFDF)

3.36 The Committee note the that Pooled Finance Development Fund Scheme was launched in November, 2006 to provide credit enhancement to urban local bodies (ULBs) to access market borrowings based on their credit worthiness through State level Pooled Finance mechanism. The Committee further note that the Planning Commission has provided Rs. 400.00 crore for the Scheme during the 10th Plan. As the scheme was launched at the fag end of the last year of 10th Plan, no expenditure could be incurred during the 10th Plan. Now,

an allocation of Rs. 2500.00 crore has been proposed for 11th Plan and the budget provision of Rs. 20.00 crore has been made for the year 2008-2009 to implement the Scheme. The Committee express their dissatisfaction over the fact that despite being aware of the fund crunch felt by the ULBs all over the country, the Ministry took a long time for launching such a scheme. Besides, the Committee feel that the Ministry in all probability has launched the Scheme without requisite homework with the result that though it was launched in November, 2006, till date only one State i.e. Tamil Nadu has come forward to avail its benefits. The Committee were informed during evidence that the interest rate situation changed after the scheme was launched, which has affected its wide acceptance. The Committee also find the Ministry to be skeptical about the scheme showing immediate success. Nonetheless, they desire that the Ministry should take concrete steps now to encourage the States to implement / operationalize the PFDF Scheme in their respective States to facilitate the Urban Local Bodies to access capital and financial markets for investment in critical municipal infrastructure by providing credit enhancement grants to State Pooled Finance Entities (SPFEs), which is extremely crucial for the development of the urban areas in the country.

IV. Centrally Sponsored Scheme for Solid Waste Management & Drainage in 10 selected IAF Air Field towns.

3.37 Asked so by the Committee, the Ministry in a written note furnished the following particulars of the scheme:-

- (i) Bird hits are among the major causes of air crashes in our country. The IAF have lost a number of extremely valuable air-crafts and pilots during the last few years due to increasing ingestion of birds into the engines, especially during take-off and landing at the airfields.

- (ii) In order to control the bird menace, an Inter-Ministerial Joint Sub-Committee constituted in February, 1989 by the Ministry of Defence recommended measures for sanitizing the areas around the Airfields. The Committee recommended sanitizing of 10 (Ten) selected IAF Airfields by providing solid waste management and drainage facilities on priority basis. The towns where the airfields are situated are as under:-

- | | |
|-----------------------|------------------------|
| 1. Gwalior (M.P.) | 2. Ambala (Haryana) |
| 3. Hindon (U.P.) | 4. Jodhpur (Rajasthan) |
| 5. Tezpur (Assam) | 6. Dundigal (A.P.) |
| 7. Sirsa (Haryana) | 8. Adampur (Punjab) |
| 9. Pune (Maharashtra) | 10. Bareilly (U.P.) |

- (iii) The Expenditure Finance Committee met on 8th March, 2001 to consider the scheme and pointed out that the project reports for airfield towns were prepared in 1995-96 keeping in view the ground condition prevailing at that time. Therefore, EFC suggested that the project reports should be revised / updated from technical and financial angle keeping in view the present ground condition. Consequent to the directions from EFC, the Ministry had requested HUDCO to prepare updated projects reports at current prices. The revised project reports based on the actual conditions prevailing on the ground in all the ten towns had been prepared by HUDCO at a cost of Rs.9934.56 lakhs. The scheme was approved by Departmental Expenditure Finance Committee(DEFC) on 24th June, 2002 for execution. The scheme was also approved by the Finance Ministry in December, 2002 subject to the approval by Full Planning Commission. The Ministry sought Planning Commission's approval seeking approval of Full Planning Commission. The Full Planning Commission approved the Scheme in Oct.2003.

- (iv) The action in regard to preparation of DPRs by HUDCO was initiated by the Ministry during 2003-04 and funds to the tune of Rs.99 lakhs were released to

HUDCO in March, 2004 against the consultancy charges of Rs.198 lakhs sought by HUDCO for preparation of DPRs. However due to delay in preparation of DPRs by HUDCO NBCC was asked to prepare DPRs for Sirsa, Jodhpur, Adampur, Ambala & Dundigal and U.P. Jal Nigam to prepare DPRs for Bareilly and Hindon (Ghaziabad). HUDCO was asked to prepare DPRs for Tezpur, Gwalior and Pune only. Subsequently, NBCC was appointed as an implementing agency for 8 projects / towns and U.P. Jal Nigam for two towns i.e. Hindon and Bareilly.

- (v) The original approved cost was Rs.99.34 crore as per the pre-feasibility report at 2001-02 price level. Subsequently, there has been an increase in the cost of the scheme in the towns due to price escalation, time over-run and change in the scope of the projects and agency charges. Therefore, a Revised Cost Estimate (RCE) was prepared by the Ministry. The total cost of the scheme as per approved DPRs (2004-05 / 2005-06 price level) including agency charges and releases made to HUDCO and NBCC for DPR preparation is Rs.13067.97 lakhs. The Revised Cost Estimates(RCE) have been approved by the Departmental EFC of the Ministry under the Chairmanship of Secretary(UD) on 15.1.2008. Hon'ble UDM has also accorded approval for the RCE of the Scheme and the proposal is under submission in Ministry of Finance for obtaining approval of Finance Minister.
- (vi) Keeping in view the funds position during the Ninth Plan, it was proposed to take up the scheme for 10 Airfield towns in two phases, namely, Phase I & Phase II. Under Phase I & Phase II, 6 towns & 4 towns had been proposed to be taken up and completed up to 4th year of 10th Plan and 1st year of the Eleventh Plan respectively.
- (vii) Rs.9934.56 lakhs have been provided by the Planning Commission for the scheme starting from the year 2003-04 onwards during the 10th Plan. Rs.2000.00 lakhs have been provided by the Planning Commission in the first year of the 11th Plan i.e. 2007-08 and no fund has been earmarked for 2008-09 as the programme would be coming to an end in March, 2008.

3.38 When asked about the action taken by the Ministry to penalized the HUDCO for the delay in preparation of DPRs, the Ministry, in a written reply stated, that in the Steering Committee meeting held under the chairmanship of Secretary (UD) on 5.7.2004 regarding the Central Sector Scheme for Solid Waste Management & Drainage in 10 selected IAF Airfield towns, a representative of HUDCO had agreed, as per the directions of Secretary (UD), to submit the DPRs of 4 airfield towns viz. Gwalior, Jodhpur, Hindon & Sirsa by the end of August, 2004.

3.39 In this connection, the Committee were further informed as under:-

- “In the meeting held on 2.9.2004 under the chairmanship of Joint Secretary (UD) to review the status of decisions taken in the Steering Committee meeting, it had been mentioned that delay in the submission of DPRs by HUDCO was a matter of serious concern and that it was holding up the implementation of the project and release of funds.
- (ii) It was, therefore, decided to get the project executed by a Central Government agency viz. National Building Construction Corporation Limited (NBCC). NBCC was requested to indicate the in house expertise for the said task. NBCC representative confirmed that they could give DPRs in 15 days time after the submission of data by HUDCO. Alternatively, NBCC could take up the preparation of DPRs in respect of Jodhpur, Ambala, Sirsa, Bareilly & Hindon and submit the same by 1.11.2004 on the understanding that the preparation of cost would be met by the Ministry. In order to penalize HUDCO, the Ministry had withdrawn the preparation of DPR from HUDCO and assigned the task to NBCC.

3.40 When asked about the status of completion of projects under the scheme, the CMD, NBCC during the course of oral evidence deposed as under:-

“Out of the units that we are doing, the projects in respect of Ambala, Sirsa, Jodhpur and Pune are almost ready. The projects has been implemented and handed over. It is being used by the State Government. In some places we had the land problem especially in Adhampur, Punjab and also in Assam. Those two also have been taken up. Now, with this approval, which is awaiting the Minister’s signature, as the Secretary had said all the projects entrusted to us will be over. We are anticipating that all of them would be over by June or July”

3.41 The Secretary, UD also added as under:-

“Sir, I have the progress report with me. Sirsa is 100 per cent, physically complete; Jodhpur is 100 per cent complete; Ambala is 90 per cent complete; Adhampur is 90 per cent complete; Gwalior is 90 per cent complete; Dundigul is 100 per cent complete; and Bareilly is 79 per cent complete. The two weak ones are Pune, which is 25 per cent complete and the other one, Hindon is 35 per cent complete. Of course, he has said about Tezpur , Assam. We had to have the total cost estimate revised. That is what has taken time. But in the meanwhile there have been physical targets and the financial status also has been indicated. Sir, as I said, hopefully with the finalization of the arrangement, this projects should in effect be complete.”

Unsatisfactory progress of the Pilot Project on Solid Waste Management in 10 Airfield Towns

3.42 The Committee note that in order to sanitize the areas around the airfields to control the bird hit menace, which is the biggest contributing factor in air mishaps, 10 selected IAF Airfield towns were selected under a pilot project in the year 1989 for providing Solid Waste Management and drainage facilities on priority basis to these towns. It was proposed to take up the scheme for 10 Airfields towns in two phases, namely Phase-I and Phase-II. Six towns under Phase-I and four towns under Phase-II were to be taken up and completed up to 4th year of 10th Plan and 1st year of the 11th Plan respectively. The action in regard to preparation of DPRs by HUDCO was initiated by the Ministry in 2003-04 and funds to the tune of Rs. 99 lakh was released

to HUDCO in March, 2004. The Committee are dismayed to note that non-submission of DPRs by HUDCO in time was holding up the implementation of projects and release of funds. Therefore, HUDCO was later on asked to prepare DPR for only 3 airfield towns namely Tezpur, Gwalior and Pune. The Committee feel disappointed noting the fact that despite being an ISO certified company, HUDCO's performance in this project was not satisfactory at all. Moreover, they are surprised as to how the Ministry of Urban Development paid 50% of the amount originally agreed, to HUDCO although they could only complete 30% of the project. The Committee feel that the Ministry should have penalized HUDCO for its inability to fulfill its commitment, rather they chose to pay an amount, which HUDCO did not deserve. The Committee feel that the Ministry should not be lenient towards unprofessional attitude shown by agencies, once they agree to implement a project. The Committee further note that in order to expedite the scheme, in consultation with the Planning Commission, the Ministry had to direct the NBCC and the U. P. Jal Nigam to prepare DPRs for the rest of the towns and implement the scheme to meet the target of completion of scheme by the end of 10th Plan. The Committee have also been informed that the total cost of the scheme now is Rs. 13067.97 lakh. Apart from the time and cost overruns caused mainly by HUDCO's bad performance, what is more concerning to the Committee is the fact that out of 10 airfield towns schemes, only three schemes at Sirsa, Jodhpur and Dundigul are 100% complete and other seven schemes are under different stages of execution. The Committee are particularly disturbed to note that in Tezpur, which is a defence airfield, Pune and Hindon towns, the progress has been quite unsatisfactory. The Committee, therefore, recommend that the Ministry should immediately take up the matter with the concerned agencies / authorities for

these 3 towns and complete all the schemes by June, 2008 positively. They are of the opinion that apart from causing huge loss to the Government exchequer, the delay in completion of this pilot project is directly linked with saving the lives of the pilots as well as the aircrafts, which cannot be ignored under any pretext.

V. Restructuring/Modernization Of Government Of India Presses

3.43 As per the Annual Report (2007-08) of the Ministry of Urban Development the Government of India has approved on 16.8.2002 the modernization of Government of India Presses. The Process of modernization of 12 Government of India Press is nearing completion. Procurement of new machines and equipment is also nearing completion. Recruitment / Restructuring/ Redeployment of the staff are under process and likely to be completed by May, 2008.

3.44 Further, as per the review decision of Government on 1.2.2006, privatization of three Government of India Text Book Presses at Mysore, Chandigarh and Bhubaneswar is under process.

3.45 It has been decided by the Government to convert the Government of India Press, Shimla into Production-cum Training Centre. Civil and Electrical work of shop floor is nearing completion and 75 % renovation work in respect of Merlin Lodge Suites for trainees has been completed. Out of sanctioned funds of Rs. 2.19. crore for purchase of machines/ equipment, order worth Rs. 1.22 crore have been placed up to 31.12.2007.

Preservation of printing equipment of heritage value at GOI Production-cum-Training Centre, Shimla

3.46 The Committee note that the process of modernization of 12 Government of India Presses is likely to be completed this year. The Government has also decided to convert the Government of India Press, Shimla into Production-cum Training Centre. In this regard, the Committee recall that this Government of India Press, was established way back in the year 1872, and thus, has printing equipment of heritage value. The Committee, therefore, feel that in order to preserve the history of printing craftsmanship as well as provide an opportunity to the trainees to compare the the antique printing technologies with the modern ones, such old equipment in Shimla Press could prove to be very handy and useful for training purposes. Consequently, they desire that some chosen pieces of old printing

equipment in Shimla Press are identified, preserved, maintained and utilized appropriately for the benefit of the trainees, who undergo the final training in the Production-cum-Training Centre, Shimla.

Requirement of suitable market Strategy for optimum utilization of GoI Presses

3.47 In so far as other Government of India Presses are concerned, the Committee observe that these Presses can be utilized in a very effective manner, provided they get sufficient printing orders in hand. They feel that the Directorate of Printing (DoP) in the Ministry need to extend help to these units in the marketing field for procurement of orders. The Committee, therefore, recommend that the Ministry should direct the DoP to plan and execute an aggressive marketing strategy taking into account the capacity of the Government of India Presses so that those are utilized optimally instead of ending up as loss-making units. At the same time, the Committee would urge the DoP to take effective steps to recover the outstanding printing charges from the different defaulting Government Indenters.

New Delhi;

11 April, 2008

22 Chaitra, 1930 (Saka)

MOHD. SALIM,
Chairman,
Standing Committee on Urban
Development.

Annexure-I

STANDING COMMITTEE ON URBAN DEVELOPMENT (2007-2008)

**MINUTES OF THE TENTH SITTING OF THE COMMITTEE HELD ON
WEDNESDAY, THE 26th MARCH, 2008**

The Committee sat from 1500 hrs. to 1730 hrs. in Committee Room 'D',
Parliament House Annexe, New Delhi.

PRESENT

Mohd. Salim - Chairman

MEMBERS

LOK SABHA

- 32. Smt. Botcha Jhansi Lakshmi
- 33. Shri Pushp Jain
- 34. Shri Sajjan Kumar
- 35. Shri Shripad Yesso Naik
- 36. Shri Sudhangshu Seal
- 37. Shri Suresh Ganpatrao Wagmare

RAJYA SABHA

- 38. Smt. Syeda Anwara Taimur
- 39. Shri Surendra Moti Lal Patel
- 40. Shri Krishan Lal Balmiki
- 41. Shri Penumalli Madhu
- 42. Shri Varinder Singh Bajwa

SECRETARIAT

- | | | |
|------------------------|---|----------------------|
| 1. Shri S.K. Sharma | - | Additional Secretary |
| 2. Shri R.K. Saxena | - | Director |
| 3. Smt. Anita B. Panda | - | Deputy Secretary |
| 4. Shri Harchain | - | Deputy Secretary-II |

REPRESENTATIVES OF THE MINISTRY OF URBAN DEVELOPMENT

- | | | |
|----|---------------------|-------------------------------|
| 1. | Sh. M. Ramachandran | Secretary (Urban Development) |
| 2. | Sh. S.M. Acharya | Special Secretary (UD) |

3.	Sh. Ashok Kumar	Vice Chairman, DDA
4.	Dr. R. K. Vats	Joint Secretary & FA
5.	Dr. M.M. Kutty	Joint Secretary (D&L)
6.	Sh. A. K. Mehta	Joint Secretary (UD)
7.	Sh. P.K. Srivastava	Joint Secretary (JNNURM)
8.	Sh. R.K. Sarin	Engineer Member, DDA
9.	Dr. K.S.R.V.S. Chalam	Economic Adviser
10.	Sh. J.P.S. Chawla	Chief Controller of Accounts
11.	Sh. P. D. Sudhakar	Member Secretary, NCR Planning Board
12.	Sh. Mangu Singh	Director, DMRC
13.	Sh. Arup Roy Choudhary	CMD, NBCC
14.	Sh. H. S. Dogra	Director General (W), CPWD
15.	Dr. D. Suresh	Director of Estates
16.	Sh. J. P. Aggarwal	Asstt. Director of Printing
17.	Sh. R. K. Sinha	L & DO
18.	Shri J.B. Kshirsagar	Chief Planner, TCPO
19.	Shri R. Sethuraman	Adviser (PHEE)

2. At the outset, the Chairman welcomed the members and the representatives of the Ministry of Urban Development to the sitting of the Committee. The Chairman then requested the Secretary, Ministry of Urban Development to brief the Committee about the salient features of the Demands for Grants of the Ministry for the year 2008-2009. He also drew the attention of the representatives to the provisions of direction 55(1) of the 'Directions by the Speaker'.

3. The Secretary, Ministry of Urban Development then briefed the Committee about the overall budgetary allocation of the Ministry of Urban Development for the year 2008-2009 and explained the proposals under the major schemes of the Ministry of Urban Development which are likely to be implemented in the year 2008-09 as well as in the entire 11th Plan period. Thereafter the Committee deliberated on various issues relating to the examination of the Demands for Grants (2008-2009) of the Ministry. The representatives of the Ministry offered clarifications to the queries raised by the members on Demands for Grants.

4. A verbatim record of the proceedings has been kept.
The Committee then adjourned.

STANDING COMMITTEE ON URBAN DEVELOPMENT (2007-2008)

**MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE HELD ON
THURSDAY, THE 10th APRIL, 2008**

The Committee sat from 1500 hrs. 1600 hrs. in Room No '53', Parliament House, New Delhi.

PRESENT

Mohd. Salim - Chairman

MEMBERS

LOK SABHA

2. Shri Sharanjit Singh Dhillon
3. Shri Anant Gudhe
4. Shri Kailash Joshi
5. Shri Sajjan Kumar
6. Shri Shripad Yesso Naik
7. Shri Sudhangshu Seal
8. Kunwar Sarv Raj Singh
9. Kunwar Devendra Singh Yadav
10. Shri Suresh Ganpatrao Wagmare

RAJYA SABHA

11. Shri Surendra Moti Lal Patel
12. Shri Krishan Lal Balmiki
13. Shri Brij Bhushan Tiwari
14. Shri Mukul Roy

SECRETARIAT

- | | | |
|------------------------|---|---------------------|
| 1. Shri R.K. Saxena | - | Director |
| 2. Smt. Anita B. Panda | - | Deputy Secretary |
| 3. Shri Harchain | - | Deputy Secretary-II |

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the draft Report on Demands for Grants (2008-2009) of the Ministry of Urban Development. After some deliberations, the Committee adopted the draft Report with slight modifications.

3. The Committee then authorized the Chairman to finalize the Report on the basis of factual verification from the Ministry of Urban Development and present the same to the Parliament.

4. The Committee, thereafter, discussed their future course of programme. The Committee also decided to undertake an on-the-spot study visit to some cities of Northern India in the last week of May or First week of June, 2008 to inspect the implementation of various ongoing schemes of the Ministry of Urban Development and Ministry of Housing and Urban Poverty Alleviation.

The Committee then adjourned.
