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**STANDING COMMITTEE ON
URBAN AND RURAL DEVELOPMENT
(1996-97)**

ELEVENTH LOK SABHA

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

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

DEMANDS FOR GRANTS—1996-97

SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 1996/Bhadra, 1918 (Saka)

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AND POVERTY ALLEVIATION)

*Presented to Lok Sabha on 27th August, 1996
Laid in Rajya Sabha on 27th August, 1996*



LOK SABHA SECRETARIAT
NEW DELHI

August, 1996/Bhadra, 1918 (Saka)

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CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
ABBREVIATIONS	(vii)
REPORT	1
 CHAPTER I An Overview	 1
(A) Analysis of Demands for Grants	2
 CHAPTER II Plan Performance	 5
(A) Review of VII Plan	5
(B) Advance Planning for IX Five Year Plan	9
 CHAPTER III Urban Poverty Alleviation Programme	 12
(A) Urban Poverty	12
(B) Urban Basic Services for Poor	13
(C) Nehru Rozgar Yojana	14
(i) Scheme of Urban Micro Enterprises	16
(ii) Scheme of Urban Wage Employment	18
(iii) Housing and Shelter Upgradation Scheme ..	19
(D) Prime Minister's Integrated Urban Poverty Eradication Programme	20
 CHAPTER IV Housing	 22
 CHAPTER V Autonomous & Statutory Organizations	 25
 CHAPTER VI Conclusions	 26
 ANNEXURE 	 29
 APPENDIX

STANDING COMMITTEE ON URBAN
& RURAL DEVELOPMENT
(1996-97)

Shri Sontosh Mohan Dev — *Chairman*

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| 4. Smt. Sudesh Luthra | — | <i>Assistant Director</i> |
| 5. Shri P.V.L.N. Murthy | — | <i>Committee Officer</i> |

INTRODUCTION

1. I, the Chairman of Standing Committee on Urban and Rural Development (1996-97) having been authorised by the Committee to submit the Report on their behalf, present the Second Report on Demands for Grants (1996-97) of the Department of Urban Employment and Poverty Alleviation of the Ministry of Urban Affairs and Employment.

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

3. The Committee took evidence of the representatives of the ministry of Urban Affairs and Employment (Department of Urban Employment and Poverty Alleviation) on 19th August, 1996.

4. The Report was considered and adopted by the Committee at their sitting held on 23rd August, 1996.

5. The Committee wish to express their thanks to the officers of the Ministry and Department of who appeared before the Committee and placed their considered views. They also wish to thank the Ministry/Department for furnishing the written replies on the points raised by the Committee. They would like to place on record their sense of deep appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

NEW DELHI;
August 26, 1996
Bhadra 4, 1918 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Urban
and Rural Development.

ABBREVIATIONS

BMTPC	Building Material Technology Promotion Council
BE	Budget Estimates
CGEWHO	Central Government Employees Welfare Housing Organisation
DUDA	District Urban Development Agency
EIUS	Environmental Improvement of Urban Slums
ESCAP	Economic and Social Council for Asia and Pacific
EWS	Economically Weaker Section
HUDCO	Housing and Urban Development Corporation
LIG	Low Income Group
MIG	Middle Income Group
NBO	National Building Organisation
NCHF	National Cooperative Housing Federation of India
NGO	Non Government Organisation
NHP	National Housing Policy
NP	Non Plan
NRY	Nehru Rozgar Yojana
PM's IUPEP	PM's Integrated Urban Poverty Eradication Programme
SHASHU	Scheme of Housing and Shelter Upgradation
SUME	Scheme of Urban Micro Enterprises
SUWE	Scheme of Urban Wage Employment
SUDA	State Urban Development Agency
RE	Revised Estimates
SLBC	State Level Bankers, Committee
UBSP	Urban Basic Services for the Poor
UEPA	Urban Employment and Poverty Alleviation
ULBs	Urban Local Bodies
UPE	Urban Poverty Eradication
UT	Union Territories

CHAPTER I

REPORT

An Overview

The Ministry of Urban Development was renamed as Ministry of Urban Affairs and Employment and was bifurcated in March, 1995 into two Departments, *viz.*

- (i) Department of Urban Development,
- (ii) Department of Urban Employment and Poverty Alleviation.

1.2 Department of Urban Employment and Poverty Alleviation came into being from March, 1995. Some of the broad functions of the Department are :

- (i) Implementation of specific Urban Employment schemes *viz.* PM's Integrated Urban Poverty Eradication Programme (PM's IUPEP), Nehru Rozgar Yojana, (NRY).
- (ii) Urban Basic Services for the Poor (UBSP)
- (iii) Formulation of Housing Policy and Programmes (except Rural Housing), review of implementation of Plan Schemes, collection and dissemination of data on housing, building materials and technology and nodal responsibility for National Housing Policy (NHP).
- (iv) Human Settlements including UN Commission for Human Settlements.
- (v) International Cooperation and Technical Assistance in the field of Housing and Human Settlements.

1.3 The estimated strength of establishment of the Department as on 1st March, 1996 is 87.

1.4 When asked as to the specific objectives that were kept in view at the time of reorganisation of the Ministry, the Ministry informed the Committee that the main purpose of reorganization of the erstwhile Ministry of Urban Development was to give sharper Focus and

attention to the employment generating activities connected with shelter development in urban areas by creating a new Department of Urban Employment and Poverty Alleviation.

1.5 Asked to what extent the objectives of reorganization of the Ministry are being attained, the Ministry stated further that the reorganization was effected only one year back. It is too early to come to any conclusion as to whether the desired objectives has been attained. However, Urban Housing and Poverty Alleviation is likely to get priority in the overall planning process of urban areas during the IX Plan.

1.6 The Committee note that after the reorganization of the erstwhile Ministry of Urban Development, the Department of Urban Employment and Poverty Alleviation was created in March, 1995. The Department is responsible for implementation of specific Urban Employment Schemes like NRY, PM's IUPEP etc. The Ministry was bifurcated with a view to give sharper focus and attention to employment generating activities connected with shelter development in Urban areas. The Committee are of the view that though the Department is of recent origin, the Urban Poverty Alleviation Programmes were being implemented by it since long, hence it is imperative on the part of the Department to continue giving sharper focus and implement various Programmes in an earnest way in future too as it is proposed to give higher priority to these programmes in the IX Plan also.

Analysis of Demands for Grants (1996-97)

1.7 The detailed Demands for Grants of the Department of Urban Employment and Poverty Alleviation were laid in Lok Sabha on 31.7.1996 containing the following Revenue and Capital expenditure:

	(Rs. in crores)		
Charged	—	—	—
Voted	198.24	21.00	219.24

1.8 It may be seen from the Demands for Grants for the year 1996-97 that the total Demand under Demand No. 82 (B) Deptt. of Urban Employment and Poverty Alleviation is Rs. 219.24 crores out of which Rs. 21 crores is on Capital side and Rs. 198.24 on the Revenue side. The details of financial requirements for different programmes/activities are given in Annexure I.

1.9 The budget allocations, Actuals for 1994-95, BE & RE 1995-96 and BE 1996-97 of the Department of Urban Employment & Poverty Alleviation are given below :

Revenue Section

(Rs. in crores)								
Actuals 1994-95		BE 1995-96		RE 1995-96		BE 1996-97		
Plan	NP	Plan	NP	Plan	NP	Plan	NP	Total
89.85	91.02	196.05	1.15	190.05	1.68	196.85	1.39	198.24

Capital Section

20.00	23.00	16.00	7.50	16.00	7.50	16.00	5.00	21.00
Total								
109.85	114.02	212.05	8.65	206.05	9.18	212.85	6.39	219.24

1.10 It may be seen from the above that there has been only a marginal increase in the total plan expenditure of Rs. 212.85 crores in 1996-97 as compared to Rs. 212.05 crores in 1995-96 while the Capital expenditure on the plan side has remained stagnant at Rs. 16 crores in both BE 1995-96 & 1996-97.

1.11 The allocations envisaged for 1996-97 in respect of some of the major schemes/Programmes *vis-a-vis* the BE & RE 1995-96 are as under :

(Rs. in Crores)				
Sl.No.	Scheme/ Programme	BE 1995-96	RE 1995-96	BE 1996-97
1.	UBSP	17.69	17.69	17.69
2.	PM's IUPEP	99.30	99.30	99.30
3.	NRY			
	(i) SUWE	25.15	25.15	25.15
	(ii) SUME	30.24	30.24	30.24
	(iii) SHASHU	14.27	11.27	14.27

1.12 Some of the major Schemes/Programmes and a review of the Plan Performances is dealt in the succeeding Chapters.

1.13 From the broad analysis of the budgetary provisions for 1996-97 of the Department, it is observed that in comparison to Rs. 220.70 crores in 1995-96, the allocation made for 1996-97 at Rs. 219.24 crores (both Plan and Non Plan) has actually declined by about Rs. 1.50 crores. The allocation in the Capital Section declined by Rs. 2.50 crores, from Rs. 23 crores in 1995-96 to Rs. 21 crores in 1996-97, while the allocation in Revenue Section increased by about Rs. 1 crore only, from Rs. 197.20 crores in 1995-96 to Rs. 198.20 crores in 1996-97. Furthermore, the allocations in respect of major Poverty Alleviation Schemes also remained at the level of 1995-96. The Committee, therefore, can only conclude that whatever the marginal rise in the allocations for 1996-97 in the Revenue Section must only be on the Secretariat General Services *viz.* increase in salaries and allowances etc. on an estimated staff strength of 87 personnel only.

The Committee are perturbed to note that while on one hand the Deptt. aims to give sharper focus to the employment generating activities, on the other hand the allocations in 1996-97 are virtually stagnating at the 1994-95 or 1995-96 levels in respect of most of the Urban Poverty Alleviation Programmes. The Committee, therefore, desire that allocations must be increased substantially in the coming years in respect of various Urban Poverty Eradication Programmes, if the Government desires earnestly to eradicate urban poverty in a substantial way.

CHAPTER II

PLAN PERFORMANCE

A. Review of VIIIth Five Year Plan

The following table shows the VIIIth Five Year Plan outlays in respect of Urban Employment sector :

(Rs. in crores)				
S.No.	Scheme/ Programme	VIIIth Plan outlay (1992—97) Budgetary Support	IEBR	Total
1.	Nehru Rozgar Yojana	227.00	—	227.00
2.	Urban Basic Service for the Poor	100.00	—	100.00

2.2 Some of the important areas/objectives identified for the 8th Plan 1992-97 for this Deptt. are :

- (i) Housing : The core strategy of the 8th Five Year Plan consists of creating an enabling environment for housing activity—an important component of the national economy, by eliminating constraints and providing direct assistance to the specially disadvantaged groups.
- (ii) Urban Poverty : Amelioration of Urban poverty accorded priority in the Eighth Five Year Plan. A four pronged strategy was adopted to eradicate urban poverty comprising (a) employment creation for low income communities through promotion of micro-enterprises and public works; (b) housing and shelter upgradation; and (c) environmental upgradation of slums etc.
- (iii) UBSP : The Programme envisages fostering community structures ensuring their effective participation of urban poor in developmental activities and providing a platform to other social sector programmes.

- (iv) NRY : Rs. 227 crore outlay with a target of 5.53 lakh beneficiaries under SUME, 22801 lakh mandays of work to be generated under SUWE, 6.80 lakh dwelling units under SHASHU in respect of the three sub-schemes of NRY.

2.3 The physical and financial targets *vis-a-vis* the achievements in VIIIth Plan, scheme-wise upto 1995-96 is as follows :

UBSP : The VIIIth Plan committed a budgetary outlay of Rs. 100 crores to achieve the target of 500 cities benefiting 70 lakhs urban poor. Till 1995-96, a sum of Rs. 64.75 crores was made available. The programme has been implemented in 301 towns benefiting nearly 65 lakh urban poor. As far as the number of beneficiaries is concerned, the target would be achieved.

NRY : The scheme-wise physical and financial targets and achievements are as under :

(Figures in lakhs and Rs. in crores)

Scheme	Physical Targets	Achievements	Financial Targets	Achievement
SUME	4.36	6.39	130.11	118.50
SUWE	191.92	253.93	163.28	156.70
SHASHU	5.13*	3.69	51.25@	46.10

* Targets not set.

@ Funds not released.

2.4 On the question of major achievements/landmarks attained during the VIIIth Plan so far, the Ministry in a note stated as under :—

- (i) "UBSP : The department is set to achieve the target of 70 lakh beneficiaries by the end of Eighth Plan period. This programme was selected as one of the 16 best practice case studies highlighted at the "Dubai Conference on Best Practices in improving the Living Environment, organised by Habitat-II in November, 1995 and as a model of the "Best Practices" for Habitat II in the Global Conference held in Istanbul in June, 1996.
- (ii) NRY : Since 1.4.1992 to 31.7.1996, i.e., during VIIIth Plan period, the number of beneficiaries assisted to set up micro-enterprises

was 6.58 lakhs; the number of mandays of work generated through the creation of useful public assets was 258.09 lakhs; and the number of dwelling units belonging to the economically weaker sections upgraded was 3.79 lakhs."

2.5 According to the Ministry the reasons for shortfall in attainment of targets/objectives during the VIIIth Plan are :

- (i) Housing : There has been no significant shortfall in attainment of objectives except in the case of the Central Scheme of Night Shelter and Sanitation facilities for pavement dwellers as there has been very little response from the States and municipal agencies for variety of reasons like non-availability of land in the cities, high recurring cost of maintenance and other socio-economic constraints;
- (ii) Not many number of schemes have been forthcoming from the housing agencies in respect of Financing of Housing Schemes for Central Government Employees through Housing Agencies is concerned.
- (iii) UBSP : An allocation of Rs. 82.75 crores was made available for the programme though a sum of Rs. 100 crores had been earmarked for the programme during the Eighth Five Year Plan period. This shortage of funds could come in the way of achieving the Eighth Plan target of 5000 towns.
- (iv) In respect of sub-schemes of NRY, the physical targets fixed under SUME and SUWE have been achieved whereas the progress under SHASHU has not been up to the mark mainly due the fact that SHASHU is not an income generating scheme and States are not coming forward to furnish State Guarantee on behalf of urban local bodies for the fear of non-recovery."

2.6 Efforts are being made/have been made to avoid the pitfalls by way of removing the shortcomings in the Night Shelter and Sanitation Facilities Scheme for footpath dwellers. The guidelines were modified in August, 1992 by adding some remunerative component to it. The IXth Plan Working Group on Urban Housing has studied the scheme and recommended its continuance by reformulating the guidelines and expanding its coverage to subsume those on pavements, railways track, under the bridges, on the river banks and living in calamity prone areas. The Working Group has laid stress on financing and savings mobilization with matching HUDCO/Institutional Finance.

In respect of NRY on demand from States/UTs, the population criteria of SHASHU was relaxed and the scheme was permitted to be implemented even in towns having populations below one lakh. Secondly, it is proposed to revise the subsidy under SHASHU upward on par with PM's IUPEP.

2.7 The Committee note that Government accorded priority to amelioration of Urban Poverty in VIIIth Plan period and a four pronged strategy was adopted to tackle urban poverty by way of employment creation for low income communities through micro-enterprises, housing & shelter upgradation and environmental upgradation of slums etc. The VIIIth Plan also proposed to create an enabling environment for housing activity. An outlay of Rs. 100 crores was proposed with a target coverage of 500 towns and 70 lakh beneficiaries for UBSP. Rs. 227 crore outlay was fixed with a target of 5.53 lakh beneficiaries under SUME, 228.01 lakh mandays of work to be generated under SUWE, 6.80 lakh dwelling units under SHASHU in respect of the three sub-schemes of NRY. The accomplishment under USBP upto 1995-96 was 301 towns with 65 lakh beneficiaries incurring an expenditure of Rs. 64.75 crores. While 6.58 lakh beneficiaries were assisted under SUME, 258.09 lakh mandays of work generated under SUWE and 3.79 lakh dwelling units belonging to EWS were upgraded under SHASHU the three sub-schemes of NRY during the VIIIth Plan upto 31.7.1996.

According to the Ministry, there has been no significant shortfall in attainment of objectives in respect of Housing except in the scheme of Night Shelter & Sanitation facilities for pavement dwellers due to poor response from States & Municipal agencies for varied reasons. The Ministry is generally satisfied with the performance of the UBSP Scheme in many States while in respect the sub-schemes of NRY except under SHASHU, the physical targets were attained in respect of SUME & SUWE.

2.8 Further, the Committee note that shortcomings observed in the Night Shelter & Sanitation facilities scheme for footpath dwellers are sought to be removed after adding some remunerative component to the guidelines which were modified in 1992. The Committee find that the participation of NGO's in the Scheme is very negligible. They, therefore, desire that the guidelines may be reformulated at the earliest and coverage of the scheme expanded and active participation of NGO's & voluntary agencies be ensured to make the scheme a success. The Committee also desire that in this context selection of NGOs be based on their past performance with regard

to utilisation of funds etc. They would like to be apprised of the steps taken by Government in this regard at an early date.

The Committee are constrained to observe that in respect of UBSP the outlays proposed for the VIIIth Plan of Rs. 100 crores have not been fully allocated though the Scheme is likely to attain the physical targets set forth, whereas in respect of NRY, funds to the extent of Rs. 121 crores (including the allocation of Rs. 71 crores for 1996-97) have been released in excess of the original outlay of Rs. 227 crores for the VIIIth Plan, though the performance under one of the components *viz.* SHASHU is not upto the desired level. The Committee need hardly emphasise that funds be earmarked to the extent of outlays envisaged in the Five Year Plans and excess/shortfall in allocations of funds for various schemes be commensurate with the achievements/shortfalls in respective schemes.

B. Advance Planning for IXth Plan

2.9 The advance Planning done for IXth Plan in respect of various schemes of the Department, including the targets fixed, and the quantum of funds required for are as follows :

- (i) Housing : the Working Group on Urban housing for the IXth Five Year Plan has stipulated that during the Ninth Five Year Plan period apart from removing the estimated backlog of urban housing to the extent of 7.57 million dwelling units as on 1997, construction of 8.87 million pucca dwelling units and upgradation of 0.32 million semi-pucca dwelling units has to be targeted for which an outlay of Rs. 1,21,371 crores will be required.

Specific thrust areas are :

1. City wide basic services an urban poverty alleviation programme.
2. Comprehensive shelter support scheme through provision of essential services, shelter upgradation and extension, encouragement to ensure development of slums with private sector and cooperative involvement, night shelters with sanitation facilities for new migrant landless persons.
3. Insurance cum saving linked scheme for housing for the urban poor.
4. Down marketing of credit by linking household savings with formal credit network.

- (i) UBSP : Subject to the approval by the Government, it is proposed to continue the Scheme during the Ninth Five Year Plan, with universalization of its coverage requiring sufficiently higher allocations.
- (ii) PM's IUPEP : The PM's IUPEP has been approved for implementation for a period of five years ending 1999-2000, with an outlay of Rs. 800 crores, extending benefits to five million urban poor. Since the budgetary allocation for 1995-96 and expected budgetary assistance for 1996-97 is Rs. 100 crores each, the financial allocation for the next three years should be Rs. 200 crores each.
- (iii) NRY : the Ministry intends to effect certain changes in the Yojana with a view to making it more acceptable to the urban poor in the IXth Plan.

The Changes proposed are :

- (a) Ceiling on project cost under SUME of NRY to be Rs. 1 lakh with subsidy per beneficiary to be 15% of the project cost with a ceiling of Rs. 7500 for all categories. 95% of the project cost to be provided as loan by banks and 5% to be contributed as margin money by the beneficiary, to bring it at par with PMRY/PM's IUPEP.
- (b) The average expenditure per beneficiary on training under SUME to be raised to Rs. 2000 and training period to vary from two months to six months subject to a minimum of 300 hours. Stipend payable shall be Rs. 300 per month subject to a maximum of Rs. 1000 if the duration of the training course exceeds three months, to bring it at par with PM's IUPEP.
- (c) Ceiling on subsidy and loan under SHASHU of NRY to be raised to Rs. 2500 and Rs. 10000, respectively, to bring it at par with PM's IUPEP.
- (iv) SUWE to be extended to all towns with the population upto three lakhs.

2.10 The Committee note that the Ministry have taken certain steps towards advance planning in preparation for the IXth Five Year Plan in respect of Housing, urban poverty schemes etc. It is observed that Government constituted a Working Group on Housing

and intends to remove the estimated backlog in urban housing estimated at 7.57 million dwelling units as on 1997 and also provide for new construction of 8.87 million pucca and upgradation of 0.32 million semi-pucca dwelling units is targeted for IXth Five Year Plan. To attain this an outlay of Rs. 121,371 crores for IXth Five Year Plan is projected. Similarly, it is proposed to continue the UBSP scheme with extended coverage with sufficiently higher allocations. Further, the sub-schemes of NRY too are to be continued in IXth Five Year Plan with certain changes to make them more acceptable to beneficiaries as well as raise the level of per-capita expenditure on subsidy/training to the level of funding of schemes like Prime Minister's Rozgar Yojana (PMRY)/Prime Minister's Integrated Urban Poverty Eradication Programme (PM's IUPEP).

The PM's IUPEP Scheme launched in November, 1995 with an outlay of Rs. 800 crores for period of five years viz. 1995-2000 is also be continued in the next plan period. The Committee feel it was laudable on the part of the Ministry to have constituted a Working Group on Housing for IXth Five Year Plan but they are constrained to note that similar working Groups should have been formed to look into the level of performances, the drawbacks and other related aspects of the different schemes of urban poverty viz. UBSP, NRY etc. so as to give a sharper focus to the urban poverty eradication programmes in the IXth Plan for which the Ministry was bifurcated about a year ago, as also the fact that these programmes are continuing since 2-3 successive Five Year Plans. The Committee desire that the probable financial requirements in respect of UBSP, NRY etc. also may be arrived at well in advance of the finalization of outlays by Planning Commission for IXth Five Year Plan for this sector. They would like to be apprised of the steps taken in this regard.

CHAPTER III

URBAN POVERTY ALLEVIATION PROGRAMME

Urban Poverty Alleviation is a challenging task before the nation and its eradication requires an integrated attention to the economic, social and physical condition of the poor. The Central Government has accorded a high priority to the programmes meant for improving the life of urban poor and the Department of Urban Employment & Poverty Alleviation is monitoring implementation of four significant urban poverty alleviation programmes which are Nehru Rozgar Yojana, Urban Basic Services for the poor, Environmental improvement of Urban Slums & Prime Minister's Integrated Urban Poverty Eradication Programme.

A. Urban Poverty

3.2 The bulk of the urban poor are living in extremely deprived conditions with insufficient physical amenities like low-cost water supply, sanitation, sewerage, drainage, community centres and social services relating to health care, nutrition, pre-school and non-formal education. A significant portion of the urban poor belongs to Scheduled Castes, Scheduled Tribes and minorities. The need of the hour is to improve the skills of the urban poor and to assist them to set up micro-enterprises thereby providing them avenues for enhancement of their incomes. Another major area for assistance to this target group is provision of funds for housing or shelter upgradation.

3.3 The Urban population has increased by 36.19% from about 160 million in 1981 to about 217 million in 1991 further aggravating the scenario of urban employment. The National Sample Survey 43rd round (1987-88) has estimated that there are about 40 million persons living below the poverty line in urban areas. However, according to Lakadwala Committee Report of March 1994 (set up by the Planning Commission) about 86 million persons (40% in Urban India) as against total population of 217 million lived below the poverty line. Incidence of urban poor at 40% is higher than both rural and all India incidence of poverty at 39%.

3.4 When asked if the Department has formulated any action plan to uplift the entire urban population living below the poverty line, the Ministry stated that basically, resources have not been provided in

proportion to the magnitude of the problem of the urban poverty. In order to cover the entire estimated urban poor numbering over 27 million (1993-94 estimates), the budgetary support from the Central Government to the extent of Rs. 4,000 crores (approx.) would be required to extend one time funding to each beneficiary household towards self-employment ventures alone. Similarly, the Department has formulated estimates under different schemes for poverty alleviation.

3.5 The Committee regret to note that the estimates of urban poor living below poverty line are varying between NSSO 43rd round and the Lakadwala Committee Report. The incidence of urban poor at 40% is alarmingly higher than both rural and all India incidence of poverty at 39%. The problem of urban poverty, therefore, is definitely an area of grave concern and the Committee desire that steps should be taken to raise the funds to the desired level on a continuous basis.

B. Urban Basic Services for the Poor (UBSP)

3.6 The Scheme of Urban Basic Services for the Poor (UBSP) seeks to bring about functional integration between the provisions of social services under UBSP and provision of physical amenities under the State Sector Scheme of EIUS. The broad goal of the Scheme is to create a facilitating environment in the quality of life of the urban poor. This is envisaged to be achieved through community organization and mobilization, empowerment of communities, decision making and community management to enhance the reach and effectiveness of the existing sectorial programmes for the urban poor.

A total outlay of Rs. 100 crores has been provided for the Scheme in the VIIIth Plan.

3.7 When asked why the level of outlay for UBSP remained stagnant for the last three years, the Ministry stated that the budget allocation during first four years of the VIIIth Five Year Plan period has been Rs. 64.75 crores and the allocation proposed for the current financial year i.e. the fifth year of the VIIIth Plan is Rs. 18 crores only thus making a total budgetary allocation of Rs. 82.75 crores as against the approved outlay of Rs. 100 crores during the VIIIth Plan period. Despite demands and persuasion, more funds were not made available by the Planning Commission.

3.8 The Ministry informed that during the Eighth Plan period, the UBSP aims to achieve the total target of 500 cities benefiting 70 lakhs

urban poor. No State-wise targets are fixed. As on 31.3.1996, 65 lakh (approx.) beneficiaries have been covered in 301 towns under the programme. The target of beneficiaries is concerned, would be fulfilled by the end of VIIIth Plan period.

3.9 When asked whether at the recent Conference of Chief Ministers held on 4-5th July, 1996, it was decided that certain changes in the UBSP are called for with special reference to formulation of the programme at the State level instead of at the Central level etc. the Ministry stated that at the Conference of Chief Ministers held on 4-5th July, 1996, it was suggested that Centrally Sponsored Schemes in the area of urban poverty alleviation, among others, should be continued as such and States be given greater involvement, freedom and flexibility in their implementation UBSP. The guidelines already provide for maximum involvement, flexibility and freedom to the State Governments for implementing the programme according to the felt needs of the community.

3.10 The Committee are dismayed to note that against an outlay of Rs. 100 crores made for the UBSP scheme for the VIIIth Plan only Rs. 82.75 crores were made available. The Planning Commission itself did not make available funds to the full extent of Rs. 100 crores, thereby, leaving a shortfall of Rs. 17.25 crores inspite of the fact that 65 lakh beneficiaries in 301 towns have been covered upto 31.3.1996. The Committee, therefore, desire that in future funds be made available to the schemes which are performing well so that targets set could be attained and the desired objectives of the schemes are realised.

C. Nehru Rozgar Yojana

3.11 The Nehru Rozgar Yojana has been designed to provide employment to urban unemployed and under-employed poor. The employment contemplated is of two types-setting up of self-employment ventures and provision of wage employment through the creation of socially and economically useful assets and shelter upgradation programmes in urban areas.

The Yojana consists of three schemes :

- (i) Scheme of Urban Micro Enterprises (SUME);
- (ii) Scheme of Urban Wage Employment (SUWE); and
- (iii) Scheme of Housing & Shelter upgradation (SHASHU).

3.12 The entire expenditure on the Yojana is to be shared on a 60 : 40 basis between the Central Government and the State w.e.f. VIIIth Plan. The target group of the Yojana is urban poor, women and SC/ST beneficiaries constitute the special target groups.

3.13 Asked if the Government was satisfied with the process of identification of beneficiaries and whether banks were associated in the process of identification of beneficiaries and processing of loan applications under the Yojana, the Ministry stated that by and large, the process of identification of beneficiaries has improved since the association of commercial banks through the medium of task force constituted at the level of Urban Local Bodies.

3.14 When asked whether the Ministry was satisfied with the performance of banks, as regards sanctioning of loans under the Yojana, the problems encountered and the suggestions to make the Yojana effective, the Ministry stated:

"The performance of banks has not been satisfactory mainly due to long pendency of applications, large scale of rejections on flimsy grounds, under financing of the projects etc. To overcome these problems, a High Powered Committee on Institutional Finance has been constituted under the Chairmanship of Secretary (UEPA) alongwith representatives of various Ministries/Depts., RBI, States/UTs and other financial institutions as members. The last meeting of the Committee was held on 09.05.1996. The matter has been taken up with the Reserve Bank of India and the Ministry of Finance at the level of Secretary (UEPA) and with FM by the then UAEM and then MOS (UEPA)".

3.15 The Management Information System under Nehru Rozgar Yojana (NRY Form 2 Part A & B) furnished by the different States, facilities monitoring of financial and physical performance during previous years, current year and cumulative performance. At the State level, State Urban Development Agency (SUDA) and State Level Bankers' Committee (SLBC) and at the District level, District Urban Development Agency (DUDAs)/District NRY Committee and District Level Coordination Committee exist for monitoring the Yojana. At the Central level, the Department monitors the Yojana through review meetings and field visits.

3.16 The Committee are distressed to find that while on one hand the Ministry claims that the process of identification of beneficiaries under NRY has improved since the association of

commercial banks through medium of task force at the level of Urban Local Bodies, on the other hand it is not satisfied with the performance of banks specially an account of long pendency of applications, large scale rejections on flimsy grounds and under financing etc. The Committee are dismayed to note that this sort of functioning of banks under NRY is continuing inspite of the fact that they are associated in the process of identification of beneficiaries and the progress/implementation of the scheme is monitored at the District, State and Central levels through various Committees, review meetings & field visits.

3.17 The Committee further note that to overcome these problems related to functioning of banks, a high powered Committee on Institutional finance headed by Secretary, UEPA was constituted with representatives from banks, RBI, States etc. The Committee, therefore, recommend that this Committee may evolve a process whereby the number of beneficiaries is restricted so as to avoid rejections as also to ensure utilisation of the funds earmarked to a fuller extent resulting in attainment of the set physical & financial targets.

(i) Urban Micro Enterprises Scheme (SUME)

3.18 The Urban Micro Enterprises Scheme is designated to encourage unemployed and under employed urban youth to take up self-employment ventures. Under Urban Micro Enterprises Scheme, there are two elements, the first is loan-cum-subsidy assistance for setting up self-employment ventures. The second element relates to providing training with a view to upgrading the technical and commercial skills of the beneficiaries. Infrastructural support is provided for technological upgradation, designs, marketing, etc.

3.19 The average per capita expenditure on training is Rs. 1200 per trainee. At present, the criterion of Urban Poverty in an annual household income of less than Rs. 11,850/-. A subsidy of 25% of project is cost provided for setting up micro enterprises with ceiling of Rs. 5000/- for SC/STs and women and Rs. 4000/- for general beneficiaries. The remaining amount is available from banks as loans. Upto the end 31.7.1996, 800054 beneficiaries have been assisted and 213169 persons trained under the Scheme. 30% of training funds are earmarked for infrastructure support to beneficiaries.

3.20 The Ministry stated that a study has been commissioned recently to go into the qualitative aspects of the programme which shall include the existing monitoring mechanisms within the purview of the programme.

3.21 Asked whether the level of present investment by the beneficiaries is large enough to ensure sustained income generation, the Ministry stated that as per the reports received from the States/UTs as on 31.7.1996 the average subsidy (National level) which a beneficiary gets comes to Rs. 2143. The corresponding bank loan is three times of the subsidy. It is certainly not a large enough investment to ensure sustained income generation. This is due to under financing of the projects by the banks.

3.22 When asked if SUME could be continued in its present form, if long term viability of projects and sustained income generation to the beneficiaries is not ensured with the present investment levels by the beneficiaries, the Ministry stated that the Department has moved a proposal to bring the terms of finance under SUME at par with PMRY and PM's IUPEP. EFC memo has been circulated on 25.3.1996.

3.23 Under the scheme, a total of 25406 SCs, 4676 STs and 329226 women have been benefited in various States during the period 1992-93 to 1995-96 (upto October, 1995).

3.24 It is observed that under the scheme of Urban Micro Enterprises (SUME), by and large the physical and financial targets of the VIIIth Plan have been met but the allocation of funds has remained more or less stagnant over the last 2-3 years. The Committee are distressed to observe that the criterion of an income Rs. 11,850/- p.a. for a beneficiary household under the scheme is not pragmatic and practicable. The Committee desire that Government should take up the matter of revision of this important criterion for extending benefits under the Scheme to realistic levels taking into account factors such as price indices etc. with the Planning Commission. The Ministry has reportedly commissioned a study to look into the qualitative aspects of the scheme including its existing monitoring mechanisms. The Committee further observes that the level of present investments by the beneficiaries comes to Rs. 2143/- as on 31.7.1996 at the National level is very small to ensure sustained income generation. This is also due to under financing of projects by banks. A proposal too has been moved by the Ministry in March, 1996 to raise the terms of finance under SUME to a level to bring it at par with PMRY and PM's IUPEP. The Committee, therefore, desire that an early decision on the proposal of the Ministry is necessary in view of the advanced stage of preparations for the IXth Five Year Plan. They would like the Ministry to take steps to curtail if not eliminate under financing of projects by banks in future. The Committee strongly feel that to realize the objectives

of the Scheme now in force, the quantum monetary assistance given is not realistic. They, therefore, would like that the monetary assistance provided under the Scheme should be substantially stepped up so as to ensure qualitative performance of the Scheme i.e. to ensure sustained level of income to the beneficiary. It is also desired that the performance of the Scheme should not be judged quantitatively i.e. by counting the number of beneficiaries. They would like to be apprised of the results of the study initiated by the Ministry as well as the action taken by Government in the matter.

(ii) Urban Wage Employment Scheme (SUWE)

3.25 Under the Scheme of Wage Employment, it is intended to provide wage employment to urban poor beneficiaries by utilising their labour for construction of socially and economically useful public assets, in jurisdiction of urban local bodies, such as low cost water supply, pour-flush community latrines, drainage related earthworks, community facilities, etc.

3.26 A material-labour ratio of 60 : 40 is to be maintained under the Scheme for various public works aggregating at the district level. This scheme is applicable to all urban areas with a population below one lakh. The Central Government had made an allocation of Rs. 21.66 crores during 1995-96 for SUWE. Against the target of 36.10 lakh mandays of work to be generated during 1995-96, 54.64 lakh mandays of work were generated till 31.3.96.

3.27 The targets and achievements in respect of number of mandays of employment generated under SUWE was 191.92 and 253.93 lakh mandays respectively during the 8th Plan upto 1995-96.

3.28 The Ministry stated that details of the number of socially and economically useful public assets constructed such as low cost water supply schemes, pour-flush community latrines and other works under SUWE in the jurisdiction of Urban Local Bodies are not available with it.

3.29 The Committee note that under the scheme of wage employment (SUWE), wage employment to Urban Poor beneficiaries is provided and socially & economically useful public assets like low cost water supply, pour flush, community latrines, drainage related earthworks etc. are constructed. However, the Committee regret to note that the Ministry has no information with it as to the number of different types of public assets so created by provision of the wage employment to urban poor. The Committee desire the

Ministry to keep itself abreast of the details of the public assets constructed in different States as enormous amounts are being spent by Government year after year so as to have close monitoring of the progress of the scheme and ensure that assets created are commensurate with the amounts spent. They would like to be apprised of the details of such assets created under the programme during the VIIIth Plan period at the earliest.

(iii) Housing & Shelter Upgradation Schemes (SHASHU)

3.30 Under the Scheme of employment through housing and shelter upgradation, households belonging to economically weaker sections are assisted to construct simple dwellings or to upgrade their dwellings at a cost of Rs. 4,000. 25 per cent subsidy with a ceiling of Rs. 1,000 would be available for this purpose and a loan upto Rs. 9,950 from HUDCO at 10 per cent rate of interest. Additional financial requirements are met by way of loans from HUDCO under the scheme for EWS Built Houses or from Scheduled Banks. Training will be provided to urban poor beneficiaries under the scheme of housing and shelter upgradation with on the average, per-capita expenditure of Rs. 1,500 on trainees. Fifteen per cent of the funds earmarked for training and infrastructure support will be available for support to training institutions.

3.31 The municipal bodies identify beneficiaries by conducting household surveys with assistance from Neighbourhood Committees, Urban Basic Services Units where existing and NGOs etc.

3.32 Asked to what extent MPs/MLAs/MLCs and elected Members of Municipal Bodies are being involved in the process of formulation, implementation, monitoring and review of the progress of the programme after the 74th Constitutions Amendment Act came into force, the Ministry replied :

“Guidelines on NRY already provide for involvement of the people’s representatives at the grass-root level namely, the elected representatives of municipal bodies in the task of alleviating the conditions of urban poor. However, the States have been given full flexibility in this regard.”

Under the Scheme a total of 9002 SCs, 3304 STs and 2750 women have been benefitted from 1992-93 to 1995-96.

3.33 As per information made available to the Committee, HUDCO has so far released loans of the order of Rs. 87.19 crores under

SHASHU since its launching in October 1989. The principal amount which has been recovered so far is Rs. 19.64 crores.

3.34 The Committee note that under Housing & Shelter Upgradation Scheme (SHASHU)—the third component of NRY, the performance has been far below the targets set for the VIIIth Plan. According to the Ministry, the reasons for lack of participation of the beneficiaries to the desired extent is that SHASHU is not an income generating scheme and States hesitate to furnish guarantees on behalf of ULBs for fear of non-recovery of the sums advanced for the purpose of Housing & Shelter upgradation. The Committee are constrained to observe that only Rs. 19.64 crores (principal amount) has so far been recovered out of Rs. 87.19 crores advanced by HUDCO under the scheme. The Committee desire that for effective implementation of the scheme, participation of People's Representatives be made more wider (as on the lines of DRDAs in respect of IRDP) in the entire process from formulation of schemes to their implementation and review.

D. Prime Minister's Integrated Urban Poverty Eradication Programme (PM's IUPEP)

3.35 Recognizing the seriousness and complexity of urban poverty problems, especially in the small towns where the situation is more grave due to lack of resources for planning their environment and development, the Prime Minister had announced on 15th August, 1994 an Integrated Scheme for Eradication of Poverty known as Prime Minister's Integrated Urban Poverty Eradication Programme (PM's IUPEP) which seeks to address the problems of urban poverty with a multi-pronged and long-term strategy.

3.36 The programme launched in November 1995 is applicable to all class-II Urban Agglomerations (345 Nos.) with a population ranging between 50,000 and one lakh as per 1991 census, subject to the condition that elections to urban local bodies have been held there.

3.37 The specific objectives under the new programme are (i) effective achievement of social sector goals, (ii) community empowerment, (iii) Convergence through sustainable support system, (iv) improvement of hygiene upgradation (v) employment generation & shelter upgradation, and (vi) environmental improvement.

3.38 A provision of Rs. 800 crores is envisaged as Central Share for the entire programme period of five years (1995-96 to 1999-2000) benefitting over 5 million urban poor.

3.39 The process of identification of beneficiaries for scheme of PM's IUPEP is house to house survey in low income neighbourhood, based on both income and non-income parameters to identify genuine beneficiaries i.e. poorest of the poor. This identification is to be carried out by the Community Based Organisation/NGOs/Research Institutes in the Government or Private Sector, under the guidance of Town UPE Cell.

3.40 The guidelines on PM's IUPEP provide for setting up of the Town Level Task Force, comprising the Chairman and the Municipal Commissioner of ULBs, Project Officer of UPE Cell, Bank representatives, community organizers and representatives from CBOs and NGOs etc. The status report on composition of Town Level Task Force are awaited from the states.

3.41 The Committee are distressed to note that though the Prime Minister's Integrated Urban Poverty Eradication Programme (PM's IUPEP) was announced by the Prime Minister on 15th August, 1994 the programme was formally launched only in November, 1995. The Committee are at a loss to understand the reasons for the inordinate delay of over one year in formally implementing the programme by the Ministry. The Committee take a serious view of this and expect that whenever such schemes/programmes are made public, in future necessary steps to implement the same be taken within a period of three months at the most.

The Programme is of recent origin, envisaging an outlay of Rs. 800 crores for a period of 5 years *viz.* 1995-2000 and aims to address the problems of Urban Poverty with a four pronged and long term strategy. The Committee would, therefore, like to be apprised of the progress made under the scheme from time to time and the evaluations made by the Ministry, as huge allocations are envisaged for each year in the range of Rs. 100-200 crores.

CHAPTER IV

HOUSING

The National Housing policy seeks to reduce houselessness, improve housing conditions of the inadequately housed and to provide minimum basic services and amenities to all. The role of Govt. at various levels is stipulated as that of a facilitator rather than a builder or provider. The various housing related programmes in the central sector aim at removal of constraints, providing technology support for cost reduction as well as environment protection, increase in flow of housing finance from internal and off-shores sources and strengthening of data on housing.

Social Housing Scheme

4.2 The following social housing schemes are being implemented in the State sector with State plan provision and loan assistance from HUDCO and other financial institutions.

- (a) Housing Scheme for EWS
- (b) Housing Scheme for LIG
- (c) Housing Scheme for MIG
- (d) Rental Housing Scheme for State Government Employees

4.3 The income and cost/loan ceiling under these groups have since been revised by Government in the context of formulation of 8th Plan and are under review in the context of formulation of IXth Plan.

4.4 Budgetary allocation and actuals for equity for Housing during the last four years of VIIIth Plan (upto 1995-96) was Rs. 74.00 and Rs. 99.00 crores respectively.

4.5 When asked whether any priority has been given to social housing schemes during the 8th Five Year Plan and what was the achievement thereof, the Ministry stated as under :

“During the 8th Five Year Plan, HUDCO has projected the overall housing operations of the order of Rs. 4040 crores. 55% of

HUDCO's funding for housing sector is earmarked to benefit the economically weaker sections and low income groups".

4.6 On the extent of HUDCO's reliance on market borrowing for mobilizing resources, the Ministry in a note stated:

"HUDCO's resource mobilization strategy covers tapping of funds from various sources of which the available concessional funds (SLR debentures etc.) are declining and cost of remaining funds through issue of tax free Bonds is also increasing in view of the yield on other bonds floated by Financial Institutions, etc. The resource mobilization done over the last few years indicates that a major portion of HUDCO's resource mobilization is not based on directed credit and concessional funds and is increasingly based on market borrowings at higher rates of interest. As a result of which, the HUDCO's overall borrowing cost have shown increasing trends. The extent of market borrowing as a proportion of average resource mobilization was 59.82% in 1992-93, 89.23% in 1993-94, 88.39% in 1994-95, 77.05% in 1995-96 and is likely to be 84.0% in 1995-97".

4.7 In the context of the adverse effects of HUDCO's increasing reliance on market borrowings at high interest rates, the Ministry stated that it has a very major impact on extending financial assistance to social housing scheme for weaker section and low income groups as funds are to be made available at concessional rates of lending to weaker sections at 9% (Net) and low income at 12/13% (Net). Considering HUDCO's average borrowing cost, this would mean that HUDCO would be losing in EWS/LIG lending operation needs. Therefore, there is a need for HUDCO to get increasing access to low cost funds if the existing amount of housing support for EWS/LIG is to be sustained.

4.8 The Committee note that several social housing schemes are being implemented in the State Sector with loan assistance to the beneficiaries from HUDCO. They further note that income and cost/loan ceilings were revised and are under further review in the context of formulation of IXth Five Year Plan. The Committee are constrained to note that the budgetary allocation towards equity for Housing remained stagnant at Rs. 20.00 crores during the first three year of the VIIIth Plan and declined to Rs. 14 crores in 1995-96.

Furthermore, it is disheartening to note that while 55% of HUDCO's funding for housing sector is earmarked for EWS/LIG section of the beneficiaries but over the years HUDCO's reliance on

market borrowings is increasing and is expected to be around 84% in 1996-97 as a proportion of overall resource mobilization by HUDCO. This is also having an adverse impact on the beneficiaries of social housing schemes as interest rates are on the high side. The Committee, therefore, feel that there is an urgent need to get increased access to low cost funds for HUDCO to continue the existing support for housing needs of EWS/LIG sections of beneficiaries. They would like to be apprised of the steps taken in this regard.

4.9 The Committee are given to understand that though houses are constructed by HUDCO and other Housing agencies, no facilities for basic civic amenities viz. water supply, electricity, sewerage disposal etc. are made available with the result that houses constructed remain unoccupied for a long time thereby blocking funds. The Committee feel that HUDCO and other housing agencies should plan to provide other infrastructure viz. power, water and sanitation before undertaking the construction of houses. This would certainly go a long way in helping HUDCO by improving the recovery positions.

CHAPTER V

AUTONOMOUS & STATUTORY BODIES

The Department of Urban Employment & Poverty Alleviation has under its control one attached office, one Public Sector Undertaking and three Autonomous/Statutory for bodies viz., (i) NBO (ii) HUDCO (iii) BMTPC (iv) CGEWHO and (v) NCHF of India.

National Building Organization

5.2 NBO was established primarily to take up research in low cost building designs, improvement of building and housing conditions alongwith the socio-economic aspects. NBO also functions as the regional centre for housing for ESCAP. NBO has been restructured during the year 1992-93 to mainly deal with the socio-economic aspects of housing and creation of data bank on housing in general. It is proposed to strengthen the three tier scheme of NBO.

5.3 Asked as to what are the details of the proposal to strengthen the three tier scheme of NBO, the Ministry stated that the original scheme namely, the three-tier scheme of NBO has been in operation in different States and UTs as a Centrally sponsored scheme since its inception in 1963. After the transfer of the scheme to the States in 1967, the scheme developed difficulties in proper implementation because of inadequacy of staff, inadequacy of funds, poor coverage, time lag in the submission of data and lack of feed back. Various options for strengthening this scheme, including provision of funds to meet the additional costs for providing adequate man power to the Directorate of Statistics and Economics in the States are being examined.

5.4 The Committee note that NBO is engaged in the research in low cost building designs, improvement of building & housing conditions etc. The Organisation was restructured to deal with socio-economic aspects of housing and creation of data bank on housing. The Committee understand that the three-tier scheme of NBO is to be strengthened and various options for schemes of funding & manpower needs are being examined. The Committee desire that the strengthening of the three-tier scheme of NBO be decided at an early date and they be apprised of the steps taken in this regard.

CHAPTER VI

CONCLUSION

On the question of the strategy/approach towards fulfilling the requirements of urban employment and poverty alleviation in the coming years, the Ministry in a detailed note stated that Public housing assistance to the shelterless has been identified as a Minimum Basic Services in the Common Minimum Programme of the Government. It is, therefore, imperative that new schemes for providing housing facility to the poor are supported with adequate financial assistance and the existing employment and shelter oriented schemes are continued with necessary modifications.

6.2 While there has been a proliferation of different poverty alleviation programmes, there has been little addition to the total resources available. Basically, resources have never been provided in proportion to the magnitude of the problem. If the problem of the urban poverty is to be examined keeping in view the percentage and number of urban poor as indicated by the official figures and assuming that the Government desires to cover this section of the population under the various schemes available at present to provide self-employment, the extent of budgetary allocation required over the five year period would be roughly as follows :

Number of Urban poor	27.05 million (1993-94 Estimates/Planning Commission)
Number of Urban poor families	27.05 = 5.41 million families = 54.10 lakhs
Funds required	54 x 7500 = Rs. 4000 Crores (Taking average subsidy of Rs. 7500 for each family for setting up a self-employment venture)

6.3 The Committee observe that the projections of requirement of funds to the tune of Rs. 4000 crores as one time funding for each beneficiary household at the rate of 7500/- for each family is not realistic as it does not take into account the area specific needs of the beneficiaries prevalent in different States. The Committee urge

Government to provide more funds at a realistic level for the programme. The present level of sanction of funds by Planning Commission are not pragmatic thereby resulting in wastages of national resources.

6.4 There is thus a notable gap between the actual requirements for poverty eradication and the budgetary allocation made for the same.

6.5 The Committee observe from the above strategies/approach plans and the direction of advance planning contemplated by the Ministry in respect of various schemes of Urban Poverty Eradication and Housing etc., that funds required for fulfilling the targets in respect of housing are quite enormous and would need very pragmatic and bold initiatives. The Committee, note that the Ministry admits that there has been a proliferation of different poverty alleviation programmes while there is practically little addition to total resources available which is evident from the fact that the current year's overall allocation of funds in respect of majority of schemes remained stagnant for last two years. In view of this, it is imperative that the gap between actual requirements of funds for poverty eradication and the budgetary allocations be reduced substantially. The Committee expect the Ministry to look into this aspect of making available funds for different sections/schemes of urban poverty alleviation, housing etc. while the outlays for the IXth Five Year Plan are finalised by Government with the Planning Commission/Finance Ministry.

Eighth Five Year Plan

6.6 A brief summary of the VIIth Five Year Plan outlay, actual allocations upto 1996-97 and excess/shortfall in allocations over the VIIIth Plan outlay is given below :

(Rs. in crores)				
Sl. No.	Scheme/ Programme	VIIIth Plan outlay	Allocation (inclusive of (1996-97)	Excess/ Short-fall (over VIII Plan Outlay)
1.	UBSP	100.00	82.75	(-) 17.25
2.	NRV	227.00	348.00	(+) 121.00

6.7 The Committee observe from the above that in respect of the above two major schemes the allocations were either short of the outlay or allocations exceeded the outlay. The Committee, therefore, would like to recommend that while formulating strategies for Ninth Plan Government should consider the various Observations/ Recommendations of the Committee as given in the preceding paragraphs of the Report. As regard outlay for different Schemes/ Programmes during Ninth Plan, they urge that there should be appropriate enhancement of outlay in view of recommendations of the Committee with regard to various Schemes.

NEW DELHI;
August 26, 1996
 Bhadra 4, 1918 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Urban
and Rural Development.

FINANCIAL REQUIREMENTS
DEPARTMENT OF URBAN EMPLOYMENT AND POVERTY ALLEVIATION

		(Rs. in thousands)											
Sl. No.	Programme/Activity	Budget Estimates 1995-96			Revised Estimates 1995-96			Budget Estimates 1996-97					
		Plan		Non-Plan	Total	Plan		Non-Plan	Total	Plan		Non-Plan	Total
		3	4	5	6	7	8	9	10	11			
1.	Secretariat-General Services	—	—	—	—	—	—	80,00	33,55	1,13,55			
2.	N.B.O. including Rural Housing Wing & Research Survey Schemes	40000	7000	47000	15000	7200	22200	40000	6100	46100			
3.	UNCHS International Co-operation Activities (IYSH)	8000	3500	11500	3000	8600	11600	8000	3500	11500			
4.	Grants in aid-NCHF	1500	—	1500	1500	—	1500	1500	—	1500			

1	2	3	4	5	6	7	8	9	10	11
5.	Urban Basic Services for the Poor	178000	—	178000	178000	—	178000	178000	—	178000
6.	Financing Housing Scheme for Central Govt. Employees through Housing Agencies	—	75000	75000	—	75000	75000	—	50000	50000
7.	Finance of Public Sector Companies—Equity—Housing	150000	—	150000	150000	—	150000	150000	—	150000
8.	Night-Shelter Scheme	1000	—	1000	1000	—	1000	1000	—	1000
9.	Nehru Rozgar Yojana	708000	—	708000	678000	—	678000	708000	—	708000
10.	PM's Integrated Urban Poverty Eradication Prog.	996000	—	996000	996000	—	996000	996000	—	996000
11.	Building Material and Technology Promotion Council	28000	—	28000	28000	—	28000	28000	—	28000
12.	Central Govt. Employees Housing Welfare Orgn.	10000	1000	11000	10000	1000	11000	10000	1000	11000

1	2	3	4	5	6	7	8	9	10	11
OBJECT WISE CLASSIFICATION										
01	Salaries	3,00,64	169,16,55	172,17,19	3,23,56	1,84,97,09	188,20,65	3,65,10	207,10,95	21076,05
02	Wages	1,50	13,65	15,15	2,50	16,91	19,41	5,00	18,18	23,18
03	Overtime Allowance	5,03	2,70,48	2,75,51	5,03	2,70,28	2,75,31	4,83	2,70,28	2,75,11
11	Domestic Travel Expenses	20,69	2,36,16	2,59,85	20,59	2,39,82	2,60,41	28,09	2,66,64	2,94,73
12	Foreign Travel Expenses	—	9,25	9,25	—	9,45	9,45	5,00	13,00	18,00
13	Office Expenses	34,95	11,70,14	12,05,09	37,21	12,65,15	13,02,36	45,48	13,06,15	13,51,63
14	Rent, Rates and Taxes	—	66,67,58	66,67,58	—	65,52,45	65,52,45	—	68,44,47	68,44,47
16	Publications	200	2,92,91	2,94,91	—	2,99,21	2,99,21	4,00	3,10,10	3,14,10
20	Other Administrative Expenses	—	89,00	89,00	—	80,00	80,00	—	82,00	82,00
21	Supplies and Materials	—	73,05,85	73,05,85	—	54,83,44	54,83,44	—	72,25,10	72,25,10
27	Minor Works	—	205,52,31	205,52,31	—	221,28,48	221,28,48	—	229,80,26	229,80,26
28	Professional Services	6,61,00	11,15	622,15	4,34,090	13,45	4,47,45	6,52,00	14,73	6,66,73

1	2	3	4	5	6	7	8	9	10	11
31	Grants in aids	216,02,00	3,46,15	219,48,15	211,02,00	3,72,65	214,74,65	241,05,00	3,97,62	245,02,62
32	Contributions	179,65,00	50,00	180,15,00	178,655,00	1,01,00	179,66,00	170,50,00	35,00	179,85,00
34	Stipend	—	50,00	50,00	—	48,00	48,00	—	50,00	50,00
42	Lump sumprovision	—	6,50	6,50	—	7,00	7,00	—	7,00	7,00
43	Suspense	—	119,00,03	119,00,03	—	119,00,03	119,00,03	—	128,09,03	128,09,03
50	Other Changes	1,09,19	1,08,82	2,18,01	1,10,11	1,12,27	2,22,38	1,35,50	1,27,58	2,63,08
51	Machinery and Equipment	3,94,70	4,71,65	8,66,35	3,19,10	4,72,15	7,91,25	1,91,90	5,84,30	7,76,20
53	Major Works	129,84,20	151,60,72	281,44,92	129,92,90	150,38,75	280,31,65	127,40,40	161,73,03	289,13,43
54	Investments	28,00,00	—	28,00,00	28,00,00	—	28,00,00	28,00,00	—	28,00,00
55	Loans and Advances	35,48,00	7,50,00	42,98,00	42,98,00	7,50,00	50,48,00	31,10,00	5,00,00	36,10,00
60	Other Capital Expenditure	18,43,10	16,62,63	35,05,73	14,85,00	16,85,10	37,70,10	18,14,70	17,97,67	36,12,337
63	Inter Accounts Transfer	—	84,50	84,50	—	85,32	85,32	—	82,41	82,41
70	Deduct Recoveries	—	-256,49,00	256,49,00	—	-256,49,00	-256,49,00	—	-256,49,00	-256,49,00

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DEMAND NO. 82—DEPTT. OF URBAN EMPLOYMENT AND POVERTY ALLEVIATION										
	2052 Sectt.—General Services	—	—	—	—	—	—	80,00	33,55	1,13,55
2216	Housing	7,85,00	1,15,00	9,00,00	4,85,00	1,68,00	6,53,00	7,85,00	1,06,00	8,91,00
2217	Urban Development	21,70,00	—	21,70,00	1,70,00	—	1,70,00	1,70,00	—	1,70,00
3475	Other General Economic Services	1,13,00	—	1,13,00	1,13,00	—	1,13,00	1,13,00	—	1,13,00
3601	Grants in aid to State Governments	184,65,00	—	184,65,00	201,65,00	—	201,65,00	202,65,00	—	202,65,00
3602	Grants in aid to U.T. Governments	72,00	—	72,00	72,00	—	72,00	72,00	—	72,00
4216	Capital outlay on Housing	16,00,00*	—	16,00,00	16,00,00	—	16,00,00	16,00,00	—	16,00,00
6216	Loans for Housing	—	7,50,00	7,50,00	—	7,50,00	7,50,00	—	5,00,00	5,00,00
TOTAL		212,05,00*	8,65,00	220,70,00	209,05,00	9,18,00	215,23,00	212,85,00	6,39,55	212,24,55

APPENDIX I

Statement of Observations/Recommendations

Sl. No.	Para No.	Recommendation
1	2	3
1.	1.6	The Committee note that after the reorganization of the erstwhile Ministry of Urban Development, the Department of Urban Employment & Poverty Alleviation was created in March, 1995. The Department is responsible for implementation specific Urban Employment Schemes like NRY, PM's IUPEP etc. The Ministry was bifurcated with a view to give sharper focus and attention to employment generating activities connected with shelter development in urban areas. The Committee are of the view that though the Department is of recent origin, the Urban Poverty Alleviation Programmes were being implemented by it since long, hence it is imperative on the part of the Department to continue giving sharper focus and implement various Programmes in an earnest way in future too as it is proposed to give higher priority to these programmes in the IX Plan also.
2.	1.13	From the broad analysis of the budgetary provisions for 1996-97 of the Department, it is observed that in comparison to Rs. 220.70 crores in 1995-96, the allocation made for 1996-97 at Rs. 219.24 crores (both Plan and Non Plan) has actually declined by

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about Rs. 1.50 crores. The allocation in the Capital Section declined by Rs. 2.50 crores, from Rs. 23 crores in 1995-96 to Rs. 21 crores in 1996-97, while the allocation in Revenue Section increased by about Rs. 1 crore only, from Rs. 197.20 crores in 1995-96 to Rs. 198.20 crores in 1996-97. Furthermore, the allocations in respect of major Poverty Alleviation Schemes also remained at the level of 1995-96. The Committee, therefore, can only conclude that whatever the marginal rise in the allocations for 1996-97 in the Revenue Section must only be on the Secretariat General Services *viz.* increase in salaries and allowances etc. on an estimated staff strength of 87 personnel only.

The Committee are perturbed to note that while on one hand the Deptt. aims to give sharper focus to the employment generating activities, on the other hand the allocations in 1996-97 are virtually stagnating at the 1994-95 or 1995-96 levels in respect of most of the Urban Poverty Alleviation Programmes. The Committee, therefore, desire that allocations must be increased substantially in the coming years in respect of various Urban Poverty Eradication Programmes, if the Government desires earnestly to eradicate urban poverty in a substantial way.

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2.7

The Committee note that Government accorded priority to amelioration of Urban Poverty in VIII Plan period and a four pronged strategy was adopted

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to tackle urban poverty by way of employment creation for low income communities through micro-enterprises, housing & shelter upgradation and environmental upgradation of slums etc. The VIII Plan also proposed to create an enabling environment for housing activity. An outlay of Rs. 100 crores was proposed with a target coverage of 500 towns and 70 lakh beneficiaries for UBSP. Rs. 227 crore outlay was fixed with a target of 5.53 lakh beneficiaries under SUME, 228.01 lakh mandays of work to be generated under SUWE, 6.80 lakh dwelling units under SHASHU in respect of the three sub-schemes of NRY. The accomplishment under UBSP upto 1995-96 was 301 towns with 65 lakh beneficiaries incurring an expenditure of Rs. 64.75 crores. While 6.58 lakh beneficiaries were assisted under SUME, 258.09 lakh mandays of work generated under SUWE and 3.79 lakh dwelling units belonging to EWS were upgraded under the three sub-schemes of NRY during the VIII Plan upto 31.7.1996.

According to the Ministry, there has been no significant shortfall in attainment of objectives in respect of Housing except in the scheme of Night Shelter & Sanitation facilities for pavement dwellers due to poor response from States & Municipal agencies for varied reasons. The Ministry is generally satisfied with the performance of the UBSP Scheme in many States while in respect the sub-

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schemes of NRY except under SHASHU, the physical targets were attained in respect of SUME & SUWE.

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| 4 | 2.8 | <p>Further, the Committee note that shortcomings observed in the Night Shelter & Sanitation facilities scheme for footpath dwellers are sought to be removed after adding some remunerative component to the guidelines which were modified in 1992. The Committee find that the participation of NGO's in the Scheme is very negligible. They therefore, desire that the guidelines may be reformulated at the earliest and coverage of the scheme expanded and active participation of NGO's & voluntary agencies be ensured to make the scheme a success. The Committee also desire that in this context selection of NGOs be based on their past performance in with regard to utilisation of funds etc. They would like to be apprised of the steps taken by Government in this regard at any early date.</p> |
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The Committee are constrained to observe that in respect of UBSP the outlays proposed for the VIII Plan of Rs. 100 crores have not been fully allocated though the Scheme is likely to attain the physical targets setforth, whereas in respect of NRY, funds to the extent of Rs. 121 crores (including the allocation of Rs. 71 crores for 1996-97) have been released in excess of the original outlay of Rs. 227 crores for the VIII Plan, though the

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performance under one of the components *viz.* SHASHU is not upto the desired level. The Committee need hardly emphasise that funds be earmarked to the extent of outlays envisaged in the Five Year Plans and excess/shortfall in allocations of funds for various schemes be commensurate with the achievements/shortfalls in respective schemes.

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2.10

The Committee note that the Ministry have taken certain steps towards advance planning in preparation for the IXth Five Year Plan in respect of Housing, urban poverty schemes etc. It is observed that Government constituted a Working Group on Housing and intends to remove the estimated backlog in urban housing estimated at 7.57 million dwelling units as on 1997 and also provide for new construction of 8.87 million pucca and upgradation of 0.32 million semi-pucca dwelling units is targeted for IXth Five Year Plan. To attain this an outlay of Rs. 121,371 crores for IXth Five Year Plan is projected. Similarly, it is proposed to continue the UBSP scheme with extended coverage with sufficiently higher allocations. Further, the sub-schemes of NRY too are to be continued in IXth Five Year Plan with certain changes to make them more acceptable to beneficiaries as well as raise the level of per-capita expenditure on subsidy/training to the level of funding of schemes like Prime Minister's Rozgar Yojana (PMRY)/ Prime Minister's Integrated Urban Poverty Eradication (PM's IUPEP).

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The PM's IUPEP scheme launched in November, 1995 with an outlay of Rs. 800 crores for period of five years *viz.* 1995—2000 is also be continued in the next plan period. The Committee feel it was laudable on the part of the Ministry to have constituted a Working Group on Housing for IXth Five Year Plan but they are constrained to note that similar working Groups should have been formed to look into the level of performances, the drawbacks and other related aspects of the different schemes of urban poverty *viz.* UBSP, NRY etc. so as to give a sharper focus to the urban poverty eradication programmes in the IXth Plan for which the Ministry was bifurcated about a year ago, as also the fact that these programmes are continuing since 2-3 successive Five Year Plans. The Committee desire that the probable financial requirements in respect of UBSP, NRY etc. also may be arrived at well in advance of the finalization of outlays by Planning Commission for IXth Five Year Plan for this sector. They would like to be apprised of the steps taken in this regard.

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3.5

The Committee regret to note that the estimates of urban poor living below poverty line are varying between NSSO 43rd round and the Lakadwala Committee Report. The incidence of urban poor at 40% is alarmingly higher than both rural and all India incidence of poverty at 39%. The problem of urban poverty, therefore, is definitely an area of grave concern and the

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		Committee desire that steps should be taken to raise the funds to the desired level on a continuous basis.
7.	3.10	The Committee are dismayed to note that against an outlay of Rs. 100 crores made for the UBSP scheme for the VIIIth Plan only Rs. 82.75 crores were made available. The Planning Commission itself did not make available funds to the full extent of Rs. 100 crores, thereby, leaving a shortfall of Rs. 17.25 crores inspite of the fact that 65 lakh beneficiaries in 301 towns have been covered upto 31.3.1996. The Committee, therefore, desire that the future funds be made available to the schemes which are performing well so that targets set could be attained and the desired objectives of the schemes are realised.
8.	3.16	The Committee are distressed to find that while on one hand the Ministry claims that the process of identification of beneficiaries under NRY has improved since the association of commercial banks through medium of task force at the level of Urban Local Bodies, on the other it is not satisfied with the performance of banks specially on account of long pendency of applications, large scale rejections on flimsy grounds and under financing etc. The Committee are dismayed to note that this sort of functioning of banks under NRY is continuing inspite of the fact that they are associated in the process of identification of beneficiaries and the progress/implementation of the

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		scheme is monitored at the District, State and Central levels through various Committees, review meetings & field visits.
9.	3.17	The Committee further note that to overcome these problems related to functioning of banks, a high powered Committee on Institutional finance headed by Secretary, UEPA was constituted with representatives from banks, RBI, States etc. The Committee, therefore, recommend that this Committee may evolve a process whereby the number of beneficiaries is restricted so as to avoid rejections as also to ensure utilisation of the funds earmarked to a fuller extent resulting in attainment of the set physical & financial targets.
10.	3.24	It is observed that under the scheme of Urban Micro Enterprises (SUME), by and large the physical and financial targets of the VIIIth Plan have been met but the allocation of funds has remained more or less stagnant over the last 2-3 years. The Committee are distressed to observe that the criterion of an income Rs. 11,850/- p.a. for a beneficiary household under the scheme is not pragmatic and practicable. The Committee desire that Government should take up the matter of revision of this important criterion for extending benefits under the Scheme to realistic levels taking into account factors such as price indices etc. with the Planning Commission. The Ministry has reportedly commissioned a study to

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look into the qualitative aspects of the scheme including its existing monitoring mechanisms. The Committee further observes that the level of present investments by the beneficiaries comes to Rs. 2143/- as on 31.7.1996 at the National level is very small to ensure sustained income generation. This is also due to under financing of projects by banks. A proposal too has been moved by the Ministry in March, 1996 to raise the terms of finance under SUME to a level to bring it at par with PMRY and PM's IUPEP. The Committee, therefore, desire that an early decision on the proposal of the Ministry is necessary in view of the advanced stage of preparations for the IXth Five Year Plan. They would like the Ministry to take steps to curtail if not eliminate under financing of projects by banks in future. The Committee strongly feel that to realize the objectives of the Scheme now in force, the quantum monetary assistance given is not realistic. They, therefore, would like that the monetary assistance provided under the Scheme should be substantially stepped up so as to ensure qualitative performance of the Scheme i.e. to ensure sustained level of income to the beneficiary. It is also desire that the performance of the Scheme would not be judged quantitatively i.e. by counting the number of beneficiaries. They would like to be apprised of the results of the study initiated by the Ministry as well as the action taken by Government in the matter.

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11.	3.29	<p>The Committee note that under the scheme of wage employment (SUWE), wage employment to Urban Poor beneficiaries is provided and socially & economically useful public assets like low cost water supply, pour flush, community latrines, drainage related earth works etc. are constructed. However, the Committee regret to note that the Ministry has no informations with it as to the number of different types of public assets so created by provision of the Wage employment to urban poor. The Committee desire the Ministry to keep itself abreast of the details of the public assets constructed in different States as enormous amounts are being spent by Government year after year so as to have close monitoring of the progress of the scheme and ensure that assets created are commensurate with the amounts spent. They would like to be apprised of the details of such assets created under the programme during the VIII Plan period at the earliest.</p>
12.	3.34	<p>The Committee note that under Housing & Shelter Upgradation Scheme (SHASHU) third component of NRY, the performance has been for below the targets set for the VIIIth Plan. According to the Ministry, the reasons for lack of participation of the beneficiaries to the desired extent is that SHASHU is not an income generating scheme and States hesitate to furnish guarantees on behalf of ULBs for fear of non-recovery of the sums advanced for the purpose of Housing & Shelter</p>

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		<p>upgradation. The Committee are constrained to observe that only Rs. 19.64 crores (principal amount) has so far been recovered out of Rs. 87.19 crores advanced by HUDCO under the scheme. The Committee desire that for effective implementation of the scheme, participation of People's Representatives be made more wider (as on the line of DRDAs in respect of IRDP) in the entire process from formulation of schemes to their implementation and review.</p>
13.	3.41	<p>The Committee are distressed to note that though the Prime Minister's Integrated Urban Poverty Eradication Programme (PM's IUPEP) was announced by the Prime Minister on 15th August, 1994 the programme was formally launched only in November, 1995. The Committee are at a loss to understand the reasons for the inordinate delay of over one year in formally implementing the programme by the Ministry. The Committee take a serious view of this and expect that whenever such schemes/programmes are made public, in future necessary steps to implement the same be taken within a period of three months at the most.</p> <p>The programme is of recent origin, envisaging an outlay of Rs. 800 crores for a period of 5 years viz. 1995—2000 and aims to address the problems of Urban Poverty with a four pronged and long term strategy. The Committee would, therefore, like to be apprised of the progress made under the scheme</p>

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from time to time and the evaluations made by the Ministry, as huge allocations are envisaged for each year in the range of Rs. 100—200 crores.

The Committee note that several social housing schemes are being implemented in the State Sector with loan assistance to the beneficiaries from HUDCO. They further note that income and cost/loan ceilings were revised and are under further review in this context of formulation of IXth Five Year Plan. The Committee are constrained to note that the budgetary allocation towards equity for Housing remained stagnant at Rs. 20.00 crores during the first three years of the VIIIth Plan and declined to Rs. 14 crores in 1995-96.

Furthermore, it is disheartening to note that while 55% of HUDCO's funding for housing sector is earmarked for EWS/LIG section of the beneficiaries but over the years HUDCO's reliance on market borrowings is increasing and is expected to be around 84% in 1996-97 as a proportion of overall resource mobilization by HUDCO. This is also having an adverse impact on the beneficiaries of social housing schemes as interest rates are on the high side. The Committee, therefore, feel that there is an urgent need to get increased access to low cost funds for HUDCO to continue the existing support for housing needs of EWS/LIG sections of beneficiaries. They would like to be apprised of the steps taken in this regard.

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15.	4.9	<p>The Committee are given to understand that though houses are constructed by HUDCO and other Housing agencies, no facilities for basic civic amenities <i>viz.</i> water supply, electricity, sewerage disposal etc. are made available with the result that houses constructed remain unoccupied for a long time thereby blocking funds. The Committee feel that HUDCO and other housing agencies should plan to provide other infrastructure <i>viz.</i> power, water and sanitation before undertaking the construction of houses. This would certainly go a long way in helping HUDCO by improving the recovery position.</p>
16.	5.4	<p>The Committee note that NBO is engaged in the research in low cost building designs, improvement of building & housing conditions etc. The Organisation was restructured to deal with socio-economic aspects of housing and creation of data bank on housing. The Committee understand that the three-tier scheme of NBO is to be strengthened and various options for schemes of funding & manpower needs are being examined. The Committee desire that the strengthening of the three-tier scheme of NBO be decided at an early date and they be apprised of the steps taken in this regard.</p>
17.	6.5	<p>The Committee observe from the above strategies/approach plans and the direction of advance planning contemplated by the Ministry in respect</p>

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of various schemes of Urban Poverty Eradication and Housing etc., that funds required for fulfilling the targets in respect of housing are quite enormous and would need very pragmatic and bold initiatives. The Committee, note that the Ministry admits that there has been a proliferation of different poverty alleviation programmes while there is practically little addition to total resources available which is evident from the fact that the current year's overall allocation of funds in respect of majority of schemes remained stagnant for last two years. In view of this, it is imperative that the gap between actual requirements of funds for poverty eradication and the budgetary allocations be reduced substantially. The Committee expect the Ministry to look into this aspect of making available funds for different sections/schemes of urban poverty alleviation, housing etc. while the outlays for the IXth Five Year Plan are finalised by Government with the Planning Commission/Finance Ministry.

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6.7

The Committee observe from the above that in respect of the above two major schemes the allocations were either short of the outlay or allocations exceeded the outlay. The committee, therefore, would like to recommend that while formulating strategies for Ninth Plan Government should consider the various Observations/Recommendations of the Committee as

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given in the preceding paragraphs of the Report. As regards outlay for different Schemes/programmes during Ninth Plan, they urge that there should be appropriate enhancement of outlay in view of recommendations of the Committee with regard to various schemes.
