# CHAPTER IX : MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION

## 9.1 Unfruitful expenditure on conduct of two evaluation studies of Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

**The Ministry conducted two evaluation studies of Swarna Jayanti Shahari Rozgar Yojana – one initiated in March 2004 covering all States and UTs at a cost of Rs. 49.80 lakh, and another in November 2006 covering nine States at a cost of Rs. 25 lakh – resulting in avoidable duplication of effort and resources and wasteful expenditure of Rs. 42.30 lakh on the first study, which was never finalized.**

Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched as a Centrally Sponsored Scheme in December 1997 with the objective of providing gainful employment to the urban unemployed or underemployed, by encouraging the setting up of self-employment ventures or provision of wage employment.

The Report on Mid-Term Appraisal of the IX Five Year Plan (1997-2002) prepared in October 2000 indicated that the performance in the implementation of SJSRY was not very encouraging, and the scheme required an evaluation study to assess the strengths and weaknesses before drawing conclusions about the relevance of its components, especially to suit the local needs of States/ UTs. However, no action was initiated for undertaking the evaluation of SJSRY till a meeting held in December 2003, under the aegis of the Planning Commission, for finalizing the 2004-05 Annual Plan of the Ministry[1]; where it was suggested that an evaluation of SJSRY be carried out to ascertain its impact and effectiveness. Consequently, the Ministry entrusted in March 2004 the evaluation of SJSRY in all States and UTs at a cost of Rs. 49.80 lakh to the Human Settlement Management Institute (HSMI), an institution set up by HUDCO[2]. While the study was to be completed within nine months in several phases – preliminary work, data collection and documentation, machine analysis of data, and report writing – the entire amount of Rs. 49.80 lakh was released to HSMI in advance on the last day of March 2004 to avoid lapse of budget provision.

In December 2005, HSMI submitted a draft national report on evaluation of SJSRY to the Ministry, having already submitted four Zonal Reports and 34 State Level Reports earlier. In response, while acknowledging that the report

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[1] Erstwhile Ministry of Urban Employment and Poverty Alleviation

[2] HUDCO: Housing and Urban Development Corporation, a PSU under the Ministry of Housing and Urban Poverty Alleviation (HUPA).

was comprehensive in nature and covered the whole gamut of the scheme, the Ministry requested HSMI in March 2006 to "ponder upon" certain issues in the final report of the evaluation study e.g. preparing a uniform format for the Urban BPL survey, involvement of community based organizations, voluntary organizations, and NGOs in the identification of beneficiaries and community empowerment; propagation and documentation of the best practices; strengthening the monitoring mechanism for SJSRY etc. However, the final report of the evaluation study was not received in the Ministry even as of October 2008, and an unspent balance of Rs. 10.96 lakh (Rs. 7.50 lakh adjusted subsequently and Rs 3.46 lakh was lying with HSMI), out of the advance of Rs. 49.80 lakh, was reported by HSMI as of October 2006.

In the meanwhile, in December 2005, the Union Cabinet decided to continue SJSRY without modification of the guidelines during the remaining period of the X Plan, but directed that an evaluation of the scheme be carried out for the XI Plan. Subsequently, in November 2006, the Ministry awarded a fresh contract through HSMI to Access Development Services of CARE India for a concurrent evaluation of SJSRY in nine States at a cost of Rs. 25 lakh, of which Rs. 17.50 lakh was released to HSMI and Rs. 7.50 lakh was adjusted from the unspent balance with HSMI from the first study. The final report of this concurrent study was received by the Ministry in May 2007.

The matter was reported to the Ministry in August 2008. In response, the Ministry stated (October 2008) that:

- The feedback received from the evaluation study of HSMI State-wise was available at various stages of the evaluation exercise, and this became the major source of the modifications proposed by the Ministry in its Cabinet proposal in November 2005. Only the formal report (in the form of a bound booklet) was yet to be received from HSMI; this was because the focus shifted to the independent evaluation by Access Development Services.

- The EFC in a meeting in August 2005 had recommended an in-depth independent evaluation of the scheme, and the Union Cabinet had also recommended a fresh evaluation of the scheme. It appeared that the evaluation by HSMI was considered as an in-house exercise.

The Ministry's response is not tenable for the following reasons:

- In the EFC meeting of August 2005, it was decided that an in-depth evaluation of SJSRY should be undertaken. As stated in the records of

Ministry's own files, the minutes of the meeting did not indicate that independent consultants should be invited for the evaluation work.

- In March 2006, the Ministry decided to undertake concurrent evaluation by independent agencies by taking at least one representative State from each zone, where no such concurrent evaluation had been carried out by the Ministry earlier. However, the earlier study by HSMI covered all States, and hence, the nine States covered under the concurrent evaluation by Access Development Services had already been evaluated, thus resulting in avoidable duplication and infructuous expenditure.

Thus, the conduct of two evaluation studies for SJSRY – one by HSMI initiated in March 2004 covering all States and UTs at a cost of Rs. 49.80 lakh, and another by Access Development Services of CARE India initiated in November 2006 covering nine States at a cost of Rs. 25 lakh – resulted in avoidable duplication of effort and resources and wasteful expenditure of Rs. 42.30 lakh on the HSMI study, which was never finalized.

## 9.2 Non-commencement of Model Demonstration Slum Projects under Valmiki Ambedkar Awas Yojana (VAMBAY)

**Model demonstration slum projects in six States for construction of 600 dwelling units under the Valmiki Ambedkar Awas Yojana (VAMBAY) could not be commenced due to delay in availability of sites, and higher construction costs than the allowable limits. Further, the Ministry had not taken effective action to address these problems to make the projects successful.To avoid recurrence of such eventualities, the Ministry should have an effective mechanism to monitor the programme both at the planning and implementation stage.**

The Valmiki Ambedkar Awas Yojana (VAMBAY) was launched as a Centrally Sponsored Scheme by the Ministry[3] with the Prime Minister's announcement in August 2001 to provide shelter or upgrade the existing shelter for people living below the poverty line in urban slums.

In order to demonstrate that better dwelling units could be constructed by using cost-effective technology under VAMBAY, it was envisaged that in every State, there should at least be one model demonstration slum project to be emulated by all other cities and towns in the State. 100 *per cent* central subsidy was to be provided for setting up such a project with the ceiling limits (Rs. 60,000 per dwelling unit for mega cities, Rs. 50,000 for metro cities, and

[3] Erstwhile Ministry of Urban Employment and Poverty Alleviation

Rs. 40,000 for other cities). The States were required to provide land and other infrastructure development facilities for such projects. Although the entire construction cost of the demonstration project was initially borne by the Central Government, the houses built under the demonstration projects were not to be given free of cost to the beneficiaries.

In July 2003, the Ministry requested the State Governments to submit proposals for one model demonstration project in each State for construction of not more than 100 dwelling units by adopting cost-effective building technologies through Central Agencies. Based on proposals received, the Ministry approved the construction of 1,165 units at a total cost of Rs. 5.52 crore (with per unit cost ranging between Rs. 40,000 and Rs. 60,000) in 11 States (Chattisgarh, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Manipur, Orissa, Rajasthan, Tamil Nadu, Tripura, and Uttarakhand). The Building Materials and Technology Promotion Council (BMTPC), an autonomous body under the Ministry, was selected as the Central agency for carrying out this work, and funds of Rs. 5.52 crore were released in three phases between March 2003 and April 2004 through HUDCO[4] in favour of BMTPC as grants-in-aid. The sanction orders stipulated that the funds were to be utilized for implementation of VAMBAY, and in case the grants were not utilized for the purposes for which these were sanctioned, they were liable to be refunded with interest at the rate prescribed in the General Financial Rules.

However, out of the 1165 units, BMTPC could not undertake the construction of 600 units with an estimated cost of Rs. 2.55 crore in six States, namely, Jammu & Kashmir, Kerala, Manipur, Orissa, Rajasthan and Tripura, for the following reasons:

**Table-1**

| State | Brief Particulars of Project | Reasons for not starting the work | Unspent Amount in Rs. crore |
|---|---|---|---|
| **Jammu & Kashmir** | 100 units at a per unit cost of Rs. 45,000 | • Actual cost of construction worked out to around 60-70 *per cent* higher than the permissable limits.<br>• Due to scattered location of the 100 units (40 units in Srinagar, 40 units in Jammu, and 20 units in Leh), overall economics in planning and design could not be achieved. | 0.45 |
| **Manipur** | 100 units at a per unit cost of Rs. 45,000 | • Actual cost of construction in the region was higher than the allowable cost limits. | 0.45 |

[4] Housing and Urban Development Corporation

| State | Brief Particulars of Project | Reasons for not starting the work | Unspent Amount in Rs. crore |
|---|---|---|---|
| | | • BMTPC pursued the allotment of a single site with the State Government. However, due to identification of four separate sites by the State Government for construction of 100 dwelling units, overall economics in terms of planning and design could not be achieved. | |
| **Orissa** | 100 units at a per unit cost of Rs. 40,000 | • Initially, the Government had identified four separate sites for construction of 100 units, as a result of which overall economics in terms of planning and design could not be achieved.<br>• After persuasion by BMTPC, the State Government agreed to allot a single site. However, the site could not be finalized, as it was low-lying/ filled up area, and due to this, the cost of construction worked out to be higher than the allowable cost. | 0.40 |
| **Tripura** | 100 units at a per unit cost of Rs. 45,000 | • The State Government had been persuaded to identify an appropriate site. However, the site was 20 feet lower than the road level, which entailed filling up of the site and involved extremely high cost of construction of the foundation. Consequently, the construction cost was higher than the allowable limit. | 0.45 |
| **Kerala** | 100 units at a per unit cost of Rs. 40,000 | • Initially, the project was sanctioned for Punnulur Municipality, which was subsequently shifted by the State Government to Trivandrum Municipal Corporation.<br>• The actual cost of construction was higher than the allowable cost limit | 0.40 |
| **Rajasthan** | 100 units at a per unit cost of Rs. 40,000 | • The site identified by the State Government was a low lying area with black cotton soil. Hence, the foundation cost was much higher than the conventional foundation cost.<br>• Due to steep escalation in the cost of raw materials, the project could not be taken up. | 0.40 |
| **Total** | **600 units** | | **2.55** |

Further, in Tamil Nadu, the State Government could not make available land at Chennai, and instead provided land at Trichy, where the per unit cost was to be restricted to Rs. 40,000 and out of Rs. 0.60 crore released, a sum of Rs. 0.20 crore was refunded in June, 2008.

Thus, BMTPC undertook the construction of only 565 out of the proposed 1165 units at a cost of Rs. 2.77 crore in five States (Uttarakhand, Chattisgarh, Maharashtra, Karnataka and Tamil Nadu). In Maharashtra, Tamil Nadu, Karnataka and Uttarakhand, the projects had been completed and handed over to the State Government agencies, and partially to beneficiaries, while in Chattisgarh, the work was under completion as of July 2009.

The matter was referred to the Ministry in August 2008 and in reply (June, 2009), the Ministry confirmed that the projects in six states could not be undertaken due to delay in making available suitable sites, higher costs than allowable limit etc.

Thus, the scheme of setting up model demonstration slum projects under VAMBAY with 1,165 dwelling units in 11 States to be emulated by other cities and towns was only partially successful, as the projects in six States involving 600 dwelling units could not be commenced even after six years due to delay in availability of suitable sites, and higher costs of construction than the allowable limits. Thus, the Ministry failed to take effective action to review the scheme and address these bottlenecks to ensure that the scheme meant for people below poverty line in urban slums succeeded in achieving its objectives.