

Chapter 10: Conclusion

IAY is a flagship scheme of the Government of India (GoI) primarily intended to provide houses to the shelterless BPL households living in the rural areas of the country. The IAY was implemented through the *gram panchayats* (GP) and *Zilla Parishads* (ZP)/District Rural Development Agencies (DRDA). The beneficiaries were to be selected by GP from the BPL list and the houses were to be constructed/up-graded by the beneficiaries themselves. We observed various shortcomings and lapses in the implementation of the IAY.

Transparent and fair selection of the beneficiaries is an important aspect for successful implementation of the IAY. The selection process was however not undertaken in accordance with the prescribed norms everywhere. Assessment of the housing shortages was not undertaken in 14 states and as a result ineligible beneficiaries were selected. In some states, beneficiaries were also selected more than once due to non-preparation of inventory leading to irregular financial assistance. In contravention of the scheme norms, allotment of dwelling unit in the name of female member of the household was not preferred in six states.

Timely completion and quality aspect of houses was also overlooked during implementation of the IAY. The authorities failed to exercise due diligence in the construction activity and houses costing ₹ 7.88 crore were constructed by the contractors or departmentally in 12 blocks of eight selected districts of five states/UTs in contravention of the scheme provisions. In 48 selected districts of nine states 61,293 houses remained incomplete even after a lapse of more than two years. The required quality checks/technical supervisions to ensure quality of houses constructed were largely absent. No perceptible efforts were made by the implementing agencies to assist the IAY beneficiaries to upgrade or to construct durable, cost effective and disaster resistant houses in 18 states/UT.

In majority of the states, the IAY beneficiaries were deprived of safe drinking water, free electricity connection and sanitary latrine due to non-convergence with other schemes as envisaged.

The *AwaasSoft* could not be made fully functional leading to poor monitoring by the Ministry. Poor internal controls and lack of cross-verification had seriously eroded the reliability and credibility of the data in the MIS.

Non-coverage of all the districts in regular monitoring through NLMs and ineffective follow up action on their reports indicates the poor internal control. Social audit was yet to be initiated in 22 states/UT. Evaluation studies to assess the impact of the implementation of the IAY were not conducted in 19 states/UT.

There were deficiencies in the system of approval and release of funds by the Ministry. Audit found instances where the Ministry released grants in breach of its own conditionalities. The short and delayed release of state share, misappropriation and diversion of funds which were noted in the earlier audit of the scheme in 2003, continued to exist in the implementation of the IAY.


The scheme for providing homestead sites to those rural BPL households who have neither agriculture land nor a house site was launched in August 2009. The scheme was not implemented in 17 states/UTs. Further, the funds released by the Ministry to the states for construction of additional houses under homestead scheme remained either unutilized or were diverted towards the construction of houses of those beneficiaries under the regular IAY.

Many of the weaknesses have been persisting in the scheme and were conveyed to the Ministry through performance audit by the C & AG. The action taken by the Ministry, however, was insufficient to address the shortcomings.

The IAY could not bridge the gap in housing shortage in the country significantly despite an expenditure of ₹ 60,239 crore during 2008-13 as the problem of housing shortage assessed at the beginning of XIth Five Year Plan remained almost of the same magnitude at the beginning of next Five Year Plan.


The Ministry is required to take corrective measures as pointed out by the audit and rectify the defects so that the objective of the Scheme is achieved.

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