

Executive Summary

Background

Indira Awaas Yojana (IAY), a flagship scheme of the Ministry of Rural Development has been providing assistance to BPL families who are either houseless or having inadequate housing facilities, for constructing a safe and durable shelter. This effort has been part of a larger strategy of the Government to provide shelter for all, taking cognizance of the fact that rural housing is one of the major anti-poverty measures for the marginalised sections of society. The house is recognised not merely as a shelter and a dwelling place but also an asset which supports livelihood and symbolises social position.

IAY was introduced in June 1985 as a sub-scheme of Rural Landless Employment Guarantee Programme (RLEGP) with the objective to help the poor in rural areas to construct/upgrade their dwelling units. The IAY was a part of Jawahar Rozgar Yojana (JRY) from April 1989 and implemented as an independent scheme from January 1996. The beneficiaries under the IAY are scheduled castes/scheduled tribes, freed bonded labourers, minorities in the Below Poverty Line (BPL) category and other below poverty line non-scheduled castes/scheduled tribes rural households, widows and next-of-kin to defence personnel/paramilitary forces killed in action residing in rural areas (irrespective of their income criteria), ex-serviceman and retired members of paramilitary forces fulfilling other conditions *viz.* the beneficiary should be houseless person or have *kutcha* house and residing in rural area.

Why we conducted this audit?

We had reviewed the IAY along with other rural housing schemes of the Government of India between November 2001 and July 2002 covering the period April 1997 to March 2002 and audit findings were incorporated in C&AG's Report No. 3 of 2003. Since then, the expenditure on IAY has increased manifold. The Central share of IAY during 2008-09 to 2012-13 was ₹ 45,838 crore. With a view to review the progress in the IAY, we decided to take up the performance audit on the implementation of the IAY. This performance audit covered the period from April 2008 to March 2013 and

was undertaken in 168 districts, 392 blocks under these districts and 2,960 *gram panchayats* under these blocks of 27 states and four union territories.

Main Findings

Identification and Selection of Beneficiaries

We found that the assessment of housing shortage was mainly based on the estimation of Working Group under the Planning Commission on Rural Housing. The actual housing shortage was not assessed in 14 states *viz.* **Andhra Pradesh, Arunachal Pradesh, Goa, Haryana, Himachal Pradesh, Jharkhand, Kerala, Maharashtra, Manipur, Meghalaya, Nagaland, Uttarakhand, West Bengal** and **Punjab** (three districts). Permanent IAY waitlists were not maintained in three states and one UT *viz.* **Andhra Pradesh, Gujarat, Meghalaya and Lakshadweep.**

(Para 3.1 & 3.2.1)

We also found that several ineligible beneficiaries were selected. In 12 states, 36,751 non- BPL families were given assistance of ₹ 89.15 crore. In 11 states, 10,184 ineligible beneficiaries were selected and ₹ 31.73 crore was paid to them. In seven states, 33,536 beneficiaries were selected from outside the permanent IAY waitlists and paid assistance of ₹ 138.02 crore. In eight states, 1,654 beneficiaries who received assistance of ₹ 5.37 crore, already had *pucca* houses. In eight states, 5,824 beneficiaries were selected more than once and payment of ₹ 14.67 crore was made to them. In six states, allotment of dwelling units in the name of female members of the household was not preferred.

(Para 3.3 and 3.4)

Construction of House and Quality

The Working Group under the Planning Commission on Rural Housing had fixed the targets of construction of 170 lakh houses under the IAY for 2008-13. However, only 128.92 lakh houses (75.84 *per cent* against Working Group target) were constructed during the period, indicating the IAY could not bridge the gap in housing shortage in the country.

(Para 4.1)

Audit came across cases of delay in completion of houses beyond two years in numerous cases. In 48 selected districts of nine states *viz.* **Assam, Bihar, Gujarat, Jammu & Kashmir, Jharkhand, Karnataka, Maharashtra, Meghalaya**

and **Rajasthan**, 61,293 houses remained incomplete despite a lapse of more than two years which resulted in unfruitful expenditure of ₹ 150.22 crore in respect of these incomplete houses. Audit also came across cases of IAY houses being abandoned even after receiving full amount by the beneficiaries; cases where beneficiaries having got first instalment neither claimed nor were paid the second instalment of the IAY assistance; engagement of contractors in contravention of the IAY guidelines; etc.

(Para 4.2 and 4.3)

No quality inspections/technical supervisions were conducted by the concerned authorities/technical experts at any level in 1,639 GPs (55.37 per cent of 2,960 selected GPs) under 214 blocks of 91 districts in 13 states viz. **Bihar, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Nagaland, Odisha, Rajasthan, Uttar Pradesh, Uttarakhand and West Bengal**. We observed poor quality of constructions and use of substandard material for construction.

(Para 4.8)

Financial Management

We found that due to slow pace of utilization/under utilization of funds by the states, there was deduction of ₹ 2,451.84 crore from their due Central allocation. Corresponding states' share on account of Central share deduction which would have been contributed by them worked out to be ₹ 810.08 crore. This resulted in denial of assistance to 7.25 lakh targeted beneficiaries.

(Para 5.3)

Multiple bank accounts (from 2 to 20) were operated in selected districts, blocks and GPs in **Bihar, Jammu & Kashmir, Manipur, Punjab, Rajasthan and Uttar Pradesh** for keeping the IAY funds against the provision of maintaining an exclusive separate saving account in nationalized/scheduled or cooperative bank or a post office. Selected districts (24) and eight blocks in 11 states kept the IAY funds in current account or in personal ledger account. Six states (**Assam, Jammu & Kashmir, Karnataka, Odisha, Punjab and Rajasthan**), sustained an interest loss of ₹ 4.22 crore as a result of keeping funds in current accounts.

(Para 5.7)

We also observed diversion of IAY funds of ₹ 37.12 crore towards others schemes/programmes in 13 states and two UTs and expenditure of ₹ 2.20 crore on inadmissible items in seven states.

We observed cases of misappropriation of ₹ 4.91 crore in **Assam, Bihar** and **Jharkhand** and suspected cases of misappropriation of ₹ 9.76 crore in nine states.

There was unauthorised deduction of ₹ 139.37 crore on account of administrative charges, non-construction/non-installation of smokeless *chulha*/sanitary latrine/IAY logo, etc. from payment due to beneficiaries in three states and under payment of ₹ 19.07 crore in six states.

Double/excess payment of ₹ 7.16 crore to the IAY beneficiaries was observed in three states.

(Para 5.14, 5.16 and 5.17)

Convergence

The scheme envisaged convergence activities with other GoI schemes, i.e. Total Sanitation Campaign for construction of sanitary latrines in the IAY houses; Rajiv Gandhi Grameen Vidhyutikaran Yojana (RGGVY) for providing electricity; National Rural Water Supply Programme (NRWSP) for providing drinking water; Differential Rate of Interest scheme for availing loan facility; Insurance Policies for rural BPL families and rural landless families and job cards under Mahatma Gandhi National Rural Employment Guarantee Scheme, so that the possible benefits under these schemes could be extended to the IAY beneficiaries. Audit noted that sanitary latrines were constructed only in 25.48 lakh (23.68 *per cent*) out of 107.58 lakh houses for the entire country during the period 2009-10 to 2012-13 leaving a shortfall of 76.32 *per cent*. Audit also noted that In 21 states, the IAY was not converged with RGGVY for providing free electricity connections. In 24 states/UT, IAY beneficiaries were deprived of the benefits of convergence with NRWSP.

Loan facility under DRI scheme was not availed by beneficiaries in 13 states due to lack of initiatives by states/DRDAs to co-ordinate with financial institutions to make available the credit facility to beneficiaries.

In 21 states/UT, convergence of the insurance schemes *Janshree Bima* with the IAY for rural BPL families and *Aam Aadmi Bima* for the benefit of rural landless families was not ensured.

(Para 6.2)

Monitoring and Evaluation

Monitoring at the Central as well as states level was deficient. Regular monitoring at the Central level through National Level Monitors (NLMs) could not cover all the districts of the country in the years 2008-09 to 2012-13, where the IAY was being implemented and there was also ineffective follow up action on NLM reports.

The Ministry launched a web-based management information system (MIS) called *AwaasSoft* to capture beneficiary-wise data to monitor the IAY. This tool was meant for management, reports generation, keeping tracks of funds released, progress in construction of houses and convergence of all the envisaged benefits. Though 15 states/UT had operationalised *AwaasSoft*, the same could not be made fully functional. Further, no specific mechanism to verify the authenticity of data uploaded at GP/block/DRDA level was existing.

Representative/nominee of the Ministry did not participate in the State Level Vigilance and Monitoring Committees (SLVMCs) in 15 states/UT. In 25 states/UT, only one to 10 SLVMC meetings were held during 2008-13.

(Para 7.2 & 7.3)

In 22 states, social audit of the IAY was not conducted to monitor the implementation of IAY at the ground level.

(Para 7.4.1)

Scheme for Homestead Sites

As part of the IAY, a scheme for providing homestead sites to those rural BPL households who neither possessed agriculture land nor a house site, was launched in August 2009. Against the proposed Central allocation of ₹ 1,000 crore, ₹ 347.47 crore was released to nine states based on the proposals sent by these states to the Ministry. Audit found that this scheme was not implemented in 17 states/UTs viz. **Assam, Arunachal Pradesh, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Tamil Nadu, Uttarakhand, Andaman & Nicobar Islands, Dadra & Nagar Haveli, Daman & Diu and Lakshadweep** during 2009-13. Funds were released to **Andhra Pradesh, Bihar, Karnataka, Kerala, Maharashtra, Rajasthan and Uttar Pradesh** under the scheme without identification/possession of land by the states.

(Para 8.1)

Summary of Recommendations

1. Periodical assessment of housing shortages in the states may be done so that the allocation of funds under IAY is linked to more realistic and current requirements.
2. Selection of beneficiaries under the IAY should be made transparent by ensuring preparation of permanent wait lists in every Gram Panchayat and its regular updation.
3. Updated inventory of houses with the names of beneficiaries must be maintained by all implementing agencies.
4. In view of the various observations of Audit on low quality of construction of houses, inspection of houses under construction should be conducted and documented inspection reports of such inspections should be maintained to ensure accountability of the implementing agencies.
5. Before sanctioning the assistance for construction/up-gradation of house under the IAY, it may be ensured that the beneficiary holds a bank account. The second instalment should be released in their bank accounts only after receipt of due verification certificate from the concerned authorities.
6. The District Rural Development Agencies (DRDAs)/District Panchayati Raj Officers (DPROs) should spread awareness of the convergence activities among the beneficiaries at the time of sanction of houses and also work in coordination with other concerned authorities at the district level to ensure the provision for potable water, sanitation, electricity etc. in the IAY houses. Renewable sources of energy could be considered as an option for electricity based on its availability and requirement.
7. Grievance redressal mechanism should be strengthened by encouraging on line registration of complaints and their prompt disposal. Concerned officers should monitor this exercise on quarterly basis and ensure that no grievance remains pending beyond a reasonable period.
8. Social Audit can be employed as an effective means to ensure that eligible beneficiaries are being selected and good quality houses are constructed for them in time. Engaging reputed NGOs in the process may be considered for strengthening social audit.
9. State level evaluation studies may be encouraged to identify weaknesses in implementation of the IAY.