

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

New Delhi

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**CAG AUDIT REPORT ON ‘DEEN DAYAL UPADHYAYA GRAM JYOTI YOJANA’/
‘PRADHAN MANTRI SAHAJ BIJLI HAR GHAR YOJANA’ PRESENTED IN
PARLIAMENT**

Report of the Comptroller and Auditor General (CAG) of India on **Performance Audit of ‘Deen Dayal Upadhyaya Gram Jyoti Yojana’/ ‘Pradhan Mantri Sahaj Bijli Har Ghar Yojana’ (Audit Report No.17 of 2025)** was presented in Parliament here today.

Brief about the Schemes:

With a view to (i) increasing the hours of power supply to non-agricultural consumers and assured power supply to agricultural consumers by separating agricultural and non-agricultural feeders, (ii) strengthening distribution network in rural areas, and (iii) completing the ongoing work of rural electrification under erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), the Government of India launched ‘Deen Dayal Upadhyaya Gram Jyoti Yojana’ (DDUGJY) in December 2014. The projects under DDUGJY/RGGVY were to be completed within a period of 24¹/30² months from date of award by the DISCOMs. Cabinet Committee of Economic Affairs (CCEA) approved a total outlay of ₹75,893 crore including budgetary support of ₹63,027 crore for DDUGJY/ RGGVY and closed with a cost of ₹64,495 crore including budgetary support of ₹45,025 crore.

Government of India also launched (October 2017) ‘Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)’ for providing last mile connectivity and electricity connections to all un-electrified households. This included provision of Solar Photovoltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/ habitations, where grid extension was not feasible or cost effective. This scheme was to be completed by March 2019 with a total outlay of ₹16,320 crore including budgetary support of ₹12,320 crore and the scheme was closed with a cost of ₹9,246 crore including budgetary support of ₹5,782 crore.

Significant Audit findings:

Implementation of DDUGJY

Audit reviewed the appraisal done by REC of Detailed Project Reports (DPRs) submitted by 24 States and two UTs and noticed that REC substantially restricted System Strengthening component cost of ₹44,821.22 crore demanded by 19 States and two UTs to ₹12,412.55 crore. Such restrictions ranged between 14.13 *per cent* and 99.05 *per cent*. The cost of Feeder separation of ₹11,285.78 crore demanded by seven States was restricted to ₹3,967.20 crore in range of 46.27 *per cent* to 100 *per cent* of the proposal/ DPR submitted. The objective of

¹ Turnkey implementation.

² Departmental execution.

strengthening and augmentation of sub-transmission & distribution infrastructure and feeder separation for reliable and quality power supply after electrification of un-electrified villages in rural areas was, therefore, partially achieved as the allocated budget outlay was insufficient to meet the objectives of DDUGJY scheme with respect to system strengthening and feeder separation.

The target of Aggregate Technical and Commercial (AT&C) losses in 12 States and one UT out of 24 States and two UTs was not fully achieved and ranged between 11.08 and 59.28 *per cent* against the norms of 10 *per cent* to 26 *per cent*. This resulted in the release of a lesser amount of grant of ₹3,631.62 crore to DISCOMs by the Ministry of Power.

(Para 3.1.5)

Total number of agricultural feeders separated under DDUGJY till March 2022 stood at 7,833 as against 9,019 sanctioned by Monitoring Committee and 16,500 approved by CCEA. Overall, the sanction of less number of works for feeder separation than the number approved by CCEA and execution of even lesser number than the total feeders sanctioned, reflected that the work of feeder separation was not fully covered under DDUGJY.

No feasibility study was conducted by MoP which contributed to component wise substantial variation in range of 47.47 *per cent* to 218.48 *per cent* in actual achievement with respect to the targets of Feeder Separation and System Strengthening works under DDUGJY

(Para 3.1.2)

DPRs were not based on detailed field survey and eventually, the same were found to be having under/ over-estimation of quantities in respect of electrification of village/households, feeder separation and system strengthening in projects.

(Para 3.1.4)

There was delay in award of work in 494 projects (81.65 *per cent*) out of 605 projects in 24 States and two UTs. There was a delay of more than 12 months in the cases of 184 projects (30 *per cent*) in fourteen States and one UT.

Further, there was also delay in completion of 555 (91.74 *per cent*) out of 605 completed projects in 27 States and three UTs. There was a major delay of more than 24 months in the cases of 263 projects (47 *per cent*) in 19 States out of 27 States and three UTs.

(Para 3.2.2)

Financial Management of DDUGJY

REC released grant of ₹541.56 crore to six States out of 27 States and three UTs in first instalment, which was made 13 to 360 days prior to the date of execution of tripartite/bipartite agreement and appointment of Project Management Agency. Further, early payment of ₹1,603.81 crore as 60 *per cent* of eligible grant component (3rd Instalment) was made to six States without ensuring timely infusion of contribution of State Government into the projects.

Under RGGVY, 1st instalment of the eligible grant was to be released after award of projects. However, REC released the 1st instalment of Capital Subsidy amounting to ₹246.28 crore during 2014-15 whereas the projects works were awarded during April 2015 to May 2017 by DISCOMs.

(Para 4.1)

Quality Assurance and Monitoring Mechanism under DDUGJY

In non-compliance of DDUGJY guidelines, DISCOMs of four States and two UTs out of 27 States and three UTs neither prepared Comprehensive Quality Assurance (QA) Plan nor made it integral part of the contract agreement. In three States and one UT out of 27 States and three UTs, material was not procured from the authorised vendors. Further, list of approved vendors was not uploaded on the web portal by 10 States and one UT out of 27 States and three UTs in non-compliance of the QA Mechanism Guidelines.

Defects discovered at REC level quality monitoring were not timely resolved in 1,09,715 cases out of 6,13,119 cases. Delay in conducting village inspection, non-identification of Model Quality Villages and other deficiencies in compliance of QA Mechanism Guidelines were also noticed.

(Para 5.1)

State Level Standing Committee (SLSC), as one of the stakeholders in implementation, was responsible for recommending the DPRs for approval and also responsible for monitoring progress, quality control and resolving issues relating to implementation of sanctioned projects. However, instances were observed where DPRs were submitted to REC without SLSC recommendations. Further, in some States, very few SLSC meetings were conducted.

(Para 5.2)

Out of total 25 meetings for DDUGJY held during December 2014 to March 2022, 14 meetings were held within the interval of three months' period and 11 meetings were held with intervals running beyond three months to 12 months. Due to intermittent and delayed meetings, decisions on many important issues were taken without considered opinion of the Monitoring Committee which were subsequently ratified from MC after approvals were already given by MoP.

(Para 5.3)

Electrification under SAUBHAGYA

Estimated total un-electrified households to be covered under SAUBHAGYA were 300 lakh. SAUBHAGYA dashboard claimed 100 *per cent* achievement of electrification target upon the electrification of 262.84 lakh households by March 2019. However, out of these 262.84 lakh households, only 151.60 lakh households were electrified under SAUBHAGYA.

All the 25 States, where the scheme was implemented, declared that 100 *per cent* household electrification was achieved between November 2018 and March 2019. Analysis of the information received during audit and that available on the dashboard revealed that estimation of households for electrification shown on the dashboard was reduced to 248.48 lakh from 300 lakh households contained in the Scheme guidelines. Achievement of 100 *per cent* against the target was declared by March 2019 accordingly. Seven States had reported 19.10 lakh un-electrified households as of 31 March 2019. Thus, Audit could not ascertain genuineness of electrification of households.

(Para 6.1.1 and 6.1.2)

DISCOMs submitted the DPRs without conducting field surveys. All the 36 participant DISCOMs of 24 States submitted DPRs with a delay ranging between 71 and 418 days, which delayed the review of DPRs and sanction of Households by the MC for implementation of scheme.

(Para 6.2.1)

16,728 households were released connections under DDUGJY as well as in SAUBHAGYA in two States which led to duplicate claim of same work by the contractor. Despite getting the required grant under DDUGJY, grant of ₹7.53 crore from REC was also claimed under SAUBHAGYA, resulting in double payment to DISCOMs.

(Para 6.3.1.2)

An expenditure of ₹27.59 crore in seven projects was booked on account of execution of works which were not approved in the DPRs resulting in execution of in-eligible works under the scheme. Instances of extending undue benefits to the contractors, viz., making payment without ensuring completion of work, and double payment for same work, amounting ₹2.24 crore were also noticed in audit.

(Para 6.3.1.3)

Financial Management under SAUBHAGYA

REC raised (March 2020) ₹500 crore through extra budgetary borrowing out of which it could spend only ₹95.65 crore upto March 2021 and ₹404.35 crore remained unutilised. The amount of ₹500 crore was raised by REC when a sum of ₹352.32 crore was already lying with it. This reflects that the requirement of fund for disbursement to DISCOMs was not adequately assessed by REC, which resulted in avoidable interest burden of ₹15.97 crore on Ministry of Power due to payment of interest on the unutilised funds raised through extra budgetary borrowing.

(Para 7.1)

Against the limit of reimbursement of Project Management Agency (PMA) charges @ 0.5 *per cent* of the Project cost in other similar schemes, MC allowed the reimbursement of PMA charges to Uttar Pradesh, Rajasthan and Assam to the extent of 5.43 *per cent*, 1.70 *per cent* and 1.76 *per cent* respectively of the project cost without any detailed analysis. Further, the DISCOMs temporarily transferred and utilized the SAUBHAGYA funds for execution of works under other schemes.

(Para 7.2)

Eight DISCOMs of four States temporarily diverted funds/ material worth ₹507.18 crore to other works/schemes which was not in consonance with the SAUBHAGYA guidelines.

(Para 7.3)

Quality Assurance and monitoring under SAUBHAGYA

DISCOMs did not prepare comprehensive Quality Assurance (QA) Plan in 224 projects of 21 States out of 479 projects of 24 States. In 80 projects of seven States out of 479 projects of 24

States, Comprehensive QA Plan was not made an integral part of the contract agreement with turnkey contractor.

In violation of Quality Assurance Mechanism guidelines, pre-dispatch inspection of materials to be utilised was not carried out in all 15 DISCOMs of 11 States. Hundred *per cent* verification of household connections released was also not carried out by all the 12 DISCOMs in 10 States. REC appointed REC Quality Monitor in May 2019 for 18 States and in October 2019 for another two States though the scheme was scheduled to be completed in March 2019. 86.46 *per cent* of the households electrified under the scheme in totality were completed between 11 October 2017 and 31 March 2019, when 18 States had already declared saturation. This defeated the purpose of concurrent quality monitoring envisaged under the Scheme.

(Para 8.1)

In response to the performance audit report, Ministry of Power stated (14 November 2024) that Recommendations of CAG have been considered suitably by MoP/REC and the same shall be ensured in implementation of the future Schemes in line with the mechanism adopted by the Ministry of Power.

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