

## Chapter IV

### Beneficiary Led Individual House Construction

#### 4.1 Introduction

Under BLC vertical, Central assistance of ₹ 1.50 lakh was provided to EWS beneficiaries either to construct new houses or enhance their existing houses on their own. The erstwhile State sector housing schemes were converged with PMAY(U) and provided State assistance of ₹ 1.20 lakh for general and ₹ 2.00 lakh for SC/ST beneficiaries in addition to the Central assistance of ₹ 1.50 lakh. Under non-converged projects the beneficiaries received the Central assistance of ₹ 1.50 lakh only. The number of BLC projects and DUs approved as of March 2021 was as follows:

**Table 4.1: Details of BLC projects approved as of 31 March 2021**

BLC vertical	No. of approved projects	No. of approved DUs
BLC (State converged projects)	1380	143960
BLC (Non-converged projects)	792	68960
<b>Total</b>	<b>2172</b>	<b>212920</b>

Source: Information furnished by RGHCL

Out of 2,12,920 DUs approved under 2172 projects under BLC vertical, only 66,558 (31 per cent) DUs were completed and 98,725 DUs (46 per cent) were yet to be started as of March 2021.

The total financial outlay for the above projects was ₹ 8225.88 crore out of which GoI share was ₹ 3317.90 crore and GoK share was ₹ 2466.04 crore. The balance cost was to be met by the beneficiaries. The year-wise GoI and GoK share released and expenditure incurred under BLC vertical as of 31 March 2021 is indicated in **Table 4.2**

**Table 4.2: Year wise release and expenditure of GoI and GoK grants under BLC vertical**

(₹ in crore)

Year	Grants released			Expenditure incurred		
	GoI	GoK	Total	GoI	GoK	Total
2015-16	Nil	13.28	13.28	Nil	13.28	13.28
2016-17	Nil	183.92	183.92	48.37	183.92	232.29
2017-18	357.24	524.80	882.04	177.64	524.80	702.44
2018-19	224.61	330.48	555.09	494.22	330.48	824.70
2019-20	221.78	123.16	344.94	102.25	123.16	225.41
2020-21	360.20	80.02	440.22	38.89	80.02	118.91
<b>Total</b>	<b>1163.83</b>	<b>1255.66</b>	<b>2419.49</b>	<b>861.37</b>	<b>1255.66</b>	<b>2117.03</b>

Source: Information furnished by RGHCL

As of 31 March 2021, GoI and GoK released only ₹ 2419.49 crore (42 per cent) out of their approved outlay of ₹ 5783.94 crore under the vertical. The reasons for the poor progress under the vertical are brought out below:

**4.2 Non-release of Central assistance due to short fall in attachment of beneficiaries**

The total GoI share for the approved 2172 BLC projects was ₹ 3317.90 crore. The PMAY(U) guidelines prescribed that Central assistance under different components would be released to the States after the approval of CSMC in three instalments of 40 per cent, 40 per cent and 20 per cent each. CSMC also prescribed (October 2017) that first instalment of Central assistance for BLC projects was to be released when all beneficiaries in a project were Aadhaar seeded. Audit observed that out of 1720 BLC projects approved by CSMC from 27<sup>th</sup> meeting onwards, Aadhaar seeding of all the beneficiaries was completed (March 2021) in only 1231 projects (72 per cent). Since the Aadhaar seeding of the beneficiaries in the remaining projects were not completed and attached with PMAY MIS, the GoI did not release ₹ 569.56 crore towards first instalment of its share.

**4.3 Non-release of financial assistance to beneficiaries**

Financial assistance under BLC vertical of the scheme was released on reimbursement basis i.e. against the progress achieved in construction. Hence timely release of assistance was critical for completion of the houses taken up under the scheme. The payments were made to the beneficiaries through Direct Benefit Transfer (DBT) in four instalments based on the progress of construction. Audit analysis of data regarding stage wise payments<sup>18</sup> received by beneficiaries revealed shortfall corresponding to the progress in construction as indicated in **Table 4.3**:

**Table 4.3: Details of stage wise payment received for beneficiaries under the BLC vertical as of 31 March 2021**

Progress Status as per PMAY MIS	Central Assistance (State converged projects)		State Assistance (State converged projects)		Central Assistance (Non-converged projects)	
	No. of houses	Number of beneficiaries who received payment	No. of houses	Number of beneficiaries who received payment	No. of houses	Number of beneficiaries who received payment
Foundation	4323	2436	8158	5352	12489	3087
Lintel	4089	2419	7330	5173	763	99
Roof	6229	3530	10179	7492	747	43
<b>Total</b>	<b>14641</b>	<b>8385</b>	<b>25667</b>	<b>18017</b>	<b>13999</b>	<b>3229</b>

**Source: Information obtained from RGHCL**

As observed above, Central share was pending for payment in 6256 (43 per cent) and 10770 (77 per cent) cases in respect of State converged and non-converged projects whereas State share was pending for payment in 7650 (30 per cent)

<sup>18</sup> Excluding fully completed

cases under converged projects, even though the beneficiaries had attained the prescribed progress of construction. The non-release of payments resulted in beneficiaries not making further progress and consequent stoppage of work.

During joint inspection Audit visited 111 incomplete houses taken up under state converged BLC projects. Out of 111 houses visited, Central and State assistance corresponding to actual stages of physical progress were not released in respect of 69 and 12 houses respectively. Out of 69 beneficiaries to whom Central assistance had not been released, Audit interviewed 53 beneficiaries during beneficiary survey, who responded that due to non-release of financial assistance from the Government, they were unable to complete the houses started by them. Audit also conducted joint inspection of 164 houses and surveyed 124 beneficiaries who were sanctioned houses under non-converged projects and observed that

- In 51 cases works were yet to be started and 61 cases incomplete. Central assistance was released to only five beneficiaries who had completed the construction.
- Surveyed 37 beneficiaries stated that construction of houses with an assistance of ₹ 1.50 lakh only from Government was not financially viable for them and were not ready to commence the works.
- The construction of houses was stopped midway by 43 beneficiaries due to non-release of assistance and were living in temporary sheds as they had demolished their existing houses.

The SLNA did not release the payments to the beneficiaries even though an amount of ₹ 566.53 crore was available in the project account at the end of March 2021. The non-release of timely payments resulted in halting the progress of work besides hardship to beneficiaries who had demolished their houses anticipating regular flow of funds for the construction.

The State Government replied (September 2021) that delay was due to the time gap between selection of beneficiaries, approval of DPR and release of instalments by GoI.

Reply was not acceptable as the delay in release of GoI instalments was due to shortfall in attachment of beneficiaries as discussed in *Paragraph 4.2*

#### **4.4 Unfruitful expenditure on incomplete houses**

The scheme guidelines did not specify any timeframe for completion of the houses constructed under the scheme. The work orders issued by the SLNA prescribed that construction should commence within 15 days and completed within six months from the date of issue of work order. On analysis of payment data, Audit observed that 5352 BLC beneficiaries who received first instalment amounting to ₹ 29.22 crore and 5173 beneficiaries who received second instalment amounting to ₹ 57.95 crore for construction of houses during the period 2016-18, were yet (March 2021) to claim further instalments. These

houses remained incomplete despite lapse of three to five years from the date of issue of work order rendering expenditure of ₹ 87.17 crore unfruitful.

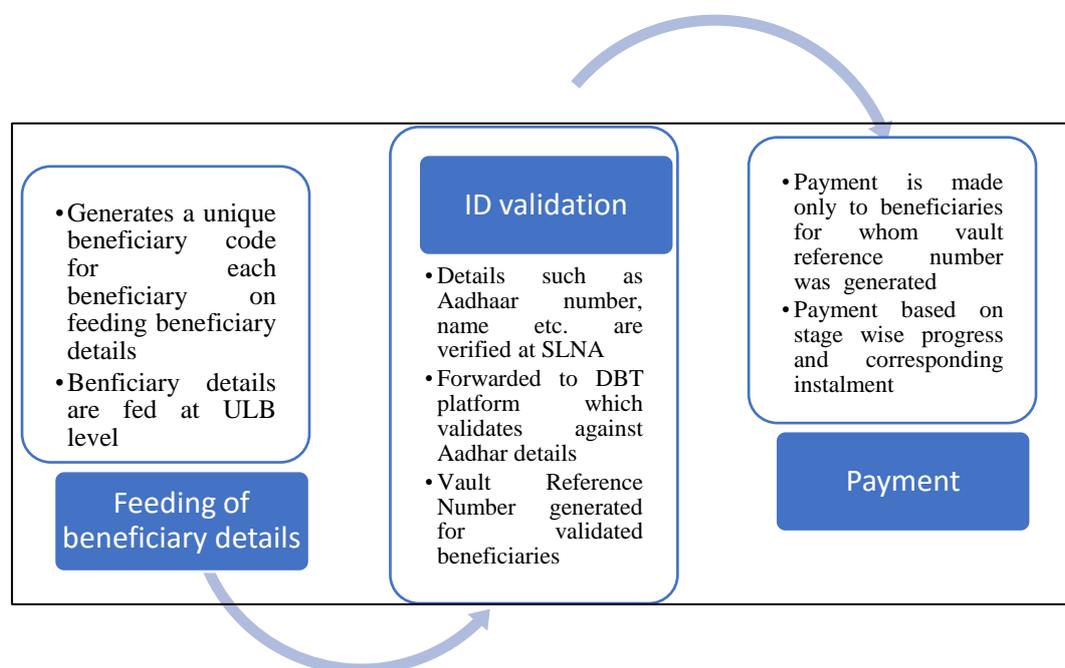
The State Government in its reply (September 2021) attributed the non-release of assistance to the delay in release of GoI instalments due to slow progress in attachment of beneficiaries.

The reply was not acceptable as the audit observation was related to non-completion of the houses and not to delay in release of assistance to the beneficiaries

#### **4.5 Direct Benefit Transfer**

Financial Assistance amounting to ₹ 2117.03 crore was directly transferred to 95671 BLC beneficiaries account during 2016-21, whose Global Positioning System (GPS) photographs were audited and found to be correct. Direct Benefit Transfer (DBT) was carried out using the Information Technology platform, Rajiv Gandhi Housing Online Monitoring System (RGHOMS) till August 2020 and thereafter through DBT platform of Centre for e-Governance, GoK. The operation of the system is detailed in the **chart 4.1** given below:

**Chart 4.1: Process flow for DBT**



Audit observations in this regard are brought out in succeeding paragraphs:

#### 4.5.1 DBT to BLC beneficiaries without validation

Paragraphs 5.7 and 8.4 of PMAY (U) guidelines, mandated Aadhaar number or any other unique identification details of intended beneficiaries to be integrated in the data base to avoid duplication and to validate the beneficiaries thereby ensuring their eligibility at the time of preparation and approval of the projects. The PMAY MIS user manual prescribed attachment of the beneficiary into the database through Aadhaar validation.

##### PMAY MIS Database

- Web enabled MIS to serve as a bridge between Ministry, State Government, SLNA, ULBs and beneficiaries
- Integrated to UIDAI platform to check the validation of Aadhaar number of the beneficiaries during attachment to approved projects

On mapping of data related to release of Central and State share with that of PMAY MIS data, Audit observed that 12,757 out of 62,648 BLC beneficiaries (20 per cent) to whom both state and Central share were released through DBT had not been attached to MIS database through Aadhar validation. Thus, payment of ₹ 172.64 crore was made to these 12757 beneficiaries without validation process prescribed in guidelines/MIS user manual. This resulted in attachment of beneficiaries to multiple projects and consequent duplication in beneficiary payments as illustrated below:

##### 4.5.1.1. Excess payment of financial assistance, ₹ 1.30 crore

Beneficiary code was the identity field for validation and release of payments through DBT. Hence the system should have control mechanism to prevent generation of multiple beneficiary codes to prevent duplication of payments.

Audit observed that system allowed generation of multiple beneficiary codes which facilitated duplicate payments to the same beneficiary. For instance, different beneficiary codes were generated for release of Central and State assistance. Analysis of payment data revealed that in 71 cases (**Appendix 4.1**) benefits under Central assistance and in 40 cases (**Appendix 4.2**) benefits under state assistance was released twice to the same beneficiary due to generation of multiple beneficiary codes. The excess payments made to the above beneficiaries worked out to ₹ 1.30 crore. Thus, the generation of multiple beneficiary codes for the same beneficiary led to deficient validation controls before releasing DBT payments.

The State Government while accepting the audit observation stated (September 2021) that necessary controls would be incorporated in the IT system to prevent generation of multiple beneficiary codes. However, the Government was required to conduct a detailed enquiry to fix responsibility for the lapses that had occurred.