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Pradhan Mantri Awaas Yojana – Gramin (PMAY – G)

GoI, 2018-19

Pradhan Mantri Awaas Yojana - Gramin (PMAY - G) is Government of India's (GoI) flagship 'Housing for All' scheme. The scheme was launched in November 2016 and aims to provide monetary assistance for the construction of a *pucca* house with basic amenities to all rural houseless households and those living in dilapidated and *kutcha* houses.

Using government data, this brief reports on trends in PMAY-G along the following parameters:
- Allocations, releases and expenditures
- Beneficiary selection
- Physical progress of house construction
- Payments to beneficiaries

Cost share and implementation: Cost estimate for the scheme from FY 2016-17 till FY 2018-19 to target 1 crore households is ₹1,30,075 crore, of which the GoI share is ₹81,975 crore. Funds are shared between GoI and state governments in a 60:40 ratio. For the eight Northeastern states and three Himalayan states, this ratio is 90:10.

Data for FY 2017-18 is till 10 January 2018

HIGHLIGHTS

₹ 1,14,915 cr
GoI allocations for Ministry of Rural Development (MoRD) in FY 2018-19

₹ 21,000 cr
GoI allocations for PMAY-G in FY 2018-19

SUMMARY & ANALYSIS

- In Financial Year (FY) 2018-19, GoI allocated ₹21,000 crore for PMAY-G, a 9 per cent decrease from the previous financial year, but nearly double the allocations for Indira Awaas Yojana (IAY) in FY 2014-15.
- GoI allocations, however, remain lower than the approved GoI share. Between FY 2016-17 and FY 2017-18, till 10 January 2018, GoI allocations were 34 per cent less than the approved GoI share.
- Expenditure as a proportion of funds available has improved. In FY 2014-15 under IAY, only 1 per cent of funds available were spent. This increased to 85 per cent under PMAY-G in FY 2017-18 till 10 January 2018.
- Since the launch of PMAY-G in November 2016, 15.40 lakh houses had been constructed till 10 January 2018. This represents a 15 per cent completion rate against the March 2019 target of building 1 crore houses.
- Pace of construction, however, is slow. Of all the houses sanctioned in FY 2016-17, only 32 per cent of houses were constructed by 10 January 2018 and 68 per cent remained incomplete as on 10 January 2018.
- Not all beneficiaries have received their first instalment. In FY 2017-18, till 10 January 2018, only 89 per cent of beneficiaries who were sanctioned houses had received their first instalment.

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- In April 2016, GoI announced the restructuring of the Indira Awaas Yojana (IAY), a rural housing scheme started in 1996 and implemented by the Ministry of Rural Development (MoRD) into the Pradhan Mantri Awaas Yojana – Gramin (PMAY-G). The scheme aims to provide monetary assistance for the construction of a *pucca* house with basic amenities for all houseless households and those living in dilapidated and *kutcha* houses by 2022.

- The restructured scheme, i.e., PMAY-G emerged against the backdrop of a Performance Audit Report by the Comptroller and Auditor General of India (CAG) in 2014. The CAG report pointed to gaps in the selection of beneficiaries, lack of convergence, low quality of house construction and weak monitoring mechanisms, limiting the impact and outcomes of the programme.

- PMAY-G sought to address these gaps by:
  - Enhancing the monetary assistance given to beneficiaries from of ₹70,000 in plains and ₹75,000 in hilly areas and difficult terrains under IAY to ₹1,20,000 and ₹1,30,000, respectively.
  - Focusing on convergence for piped drinking water, electricity connection, Liquid Petroleum Gas (LPG) connection, toilet construction and person-days of unskilled labour under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).
  - Revising the method of selection of beneficiaries by using the Socio Economic and Caste Census (SECC 2011), rather than data based on Below Poverty Line (BPL) households.

- The scheme is divided into two distinct phases. The first phase, from November 2016 to March 2019, aims to construct houses for 1 crore households. An additional 2 crore houses are to be constructed in the second phase from April 2019 to March 2022.

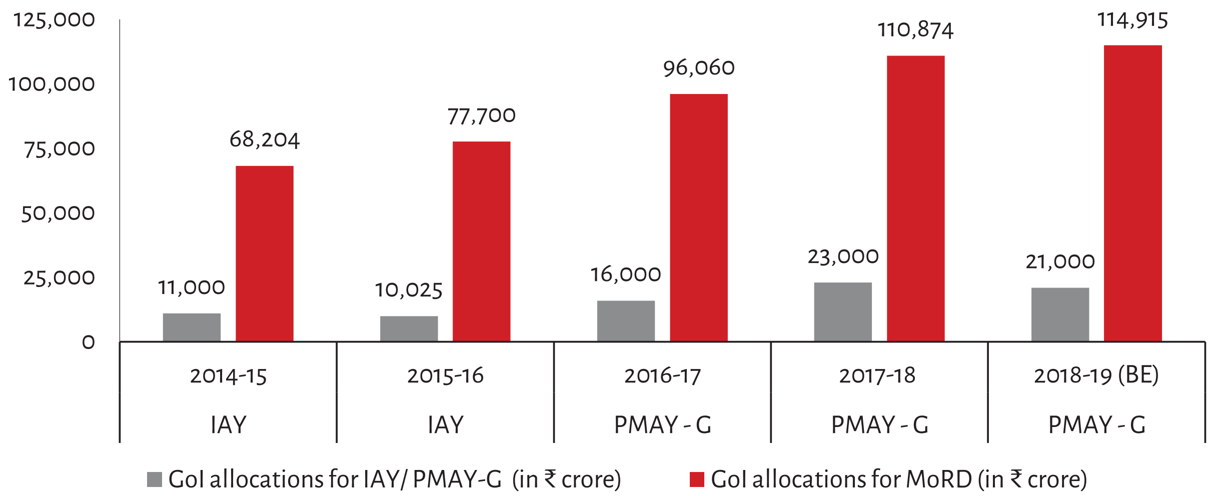
- Despite the significant implementation changes from IAY to PMAY-G, given that both the schemes focus primarily on house construction in rural areas, and construction activities from previous years under IAY have spilled over into subsequent years, this brief looks at allocation, release and expenditure trends across both schemes.

TRENDS IN GOI ALLOCATIONS, RELEASES AND EXPENDITURES

Allocations

- In FY 2018-19, GoI allocated ₹21,000 crore for PMAY-G, a 9 per cent decrease from the previous financial year when GoI had allocated ₹23,000 crore. However, this is nearly double the allocations for IAY in FY 2014-15.

GOI ALLOCATIONS FOR PMAY-G DECREASED BY 9% FROM 2017-18 TO 2018-19



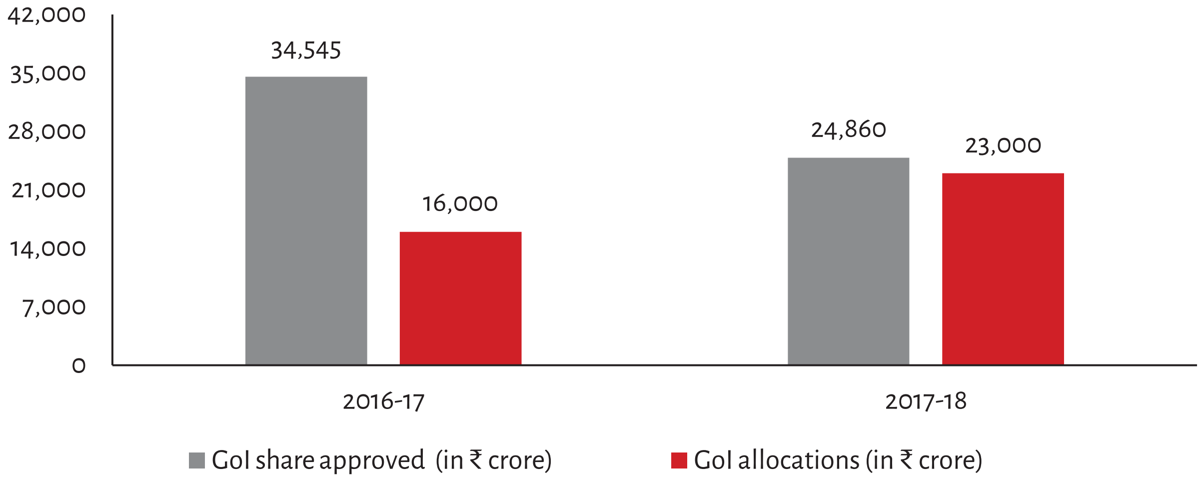
Source: Union Expenditure Budget, Vol. 2, Ministry of Rural Development. Available online at: www.indiabudget.nic.in.
Note: All figures are in rupees crore and includes the Northeast component. Figures are revised estimates except for FY 2018-19, which are budget estimates. Last accessed on 1 February 2018.

- The total cost estimate for the scheme from FY 2016-17 till FY 2018-19 to target 1 crore households, is ₹1,30,075 crore, of which the GoI share is ₹81,975 crore. Of the GoI share, ₹21,975 crore is to be met through borrowings from the National Bank for Rural Development (NABARD) which will be amortised through budgetary allocations post 2022. Between FY 2016-17 and FY 2018-19, GoI has allocated a total of ₹60, 000 crore.

Fund Requirement and GoI allocations

- There are differences between GoI share approved by the MoRD to meet the target number of houses set, and actual GoI allocations. As per the Management Information System (MIS), the GoI share approved for FY 2016-17 was ₹34,545 crore. However, GoI allocations were ₹16,000 crore, only 46 per cent of the approved funds. The gap decreased between FY 2016-17 and FY 2017-18. In FY 2017-18, while GoI share approved was ₹24,860 crore, allocations stood at ₹23,000 crore – more than 92 per cent of the approved funds.

GOI ALLOCATION FOR PMAY-G FROM 2016-17 TILL 2017-18 WAS 34% LESS THAN THE APPROVED GOI SHARE



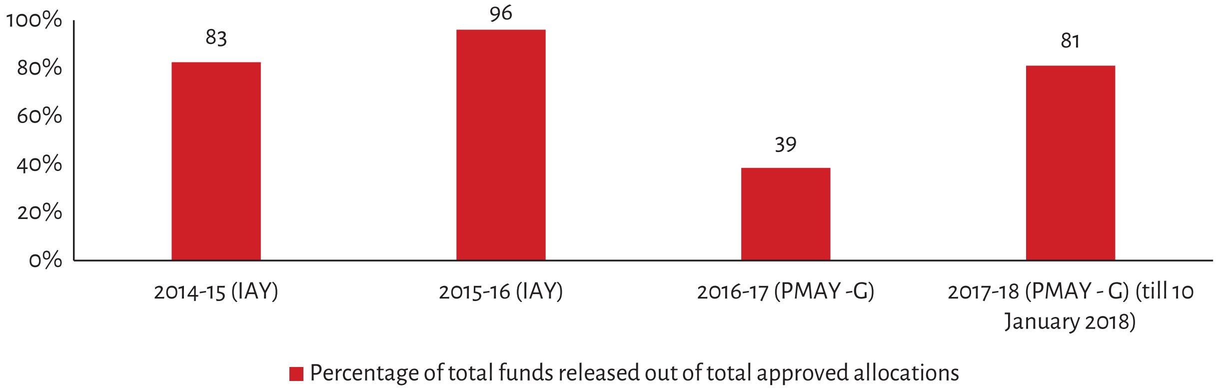
Source: (1) Union Expenditure Budget, Vol. 2, Ministry of Rural Development. Available online at: www.indiabudget.nic.in. (2) PMAY-G MIS system: B.1 Annual Target Allocation. Available online at: http://rhreporting.nic.in/netiay/FinancialProgressReport/allocation1.aspx.
Note: Figures are in rupees crore. The allocation figures are revised estimates. Last accessed on 1 February 2018.

Releases

- The annual GoI allocation to states and Union Territories (UTs) is released in two instalments. The first instalment (50 per cent of the annual financial allocation for each state) is released at the beginning of the financial year conditioned on the states submitting a complete proposal. The second instalment is provided to the states subject to utilization of 60 per cent of total available funds and fulfilling necessary criteria on target setting, sanctions, release of first instalment, and house construction.
- The percentage of GoI funds released out of total allocations have remained consistently high across years. In FY 2014-15, under IAY, 95 per cent of GoI allocations were released. Similarly, in FY 2017-18, 95 per cent of GoI allocations for PMAY-G had already been released by 10 January 2018.
- While GoI funds released as a percentage of GoI allocations has been high, the total fund released (GoI and state share) as a share of the total approved budget for PMAY-G has declined over the years. In FY 2014-15, 83 per cent of the total IAY approved budget was released. This increased to 96 per cent in FY 2015-16.

- Under PMAY-G, in FY 2016-17 only 39 per cent of approved budget were released. This, however, can be attributed to the delayed launch of the PMAY-G scheme in November 2016. Releases as a proportion of approved budget have subsequently increased. In FY 2017-18, 81 per cent of funds approved had been released by 10 January 2018.

FUNDS RELEASED AS A SHARE OF TOTAL APPROVED BUDGET FOR PMAY-G/IAY HAS DROPPED FROM 83% IN 2014-15 TO 39% IN 2016-17

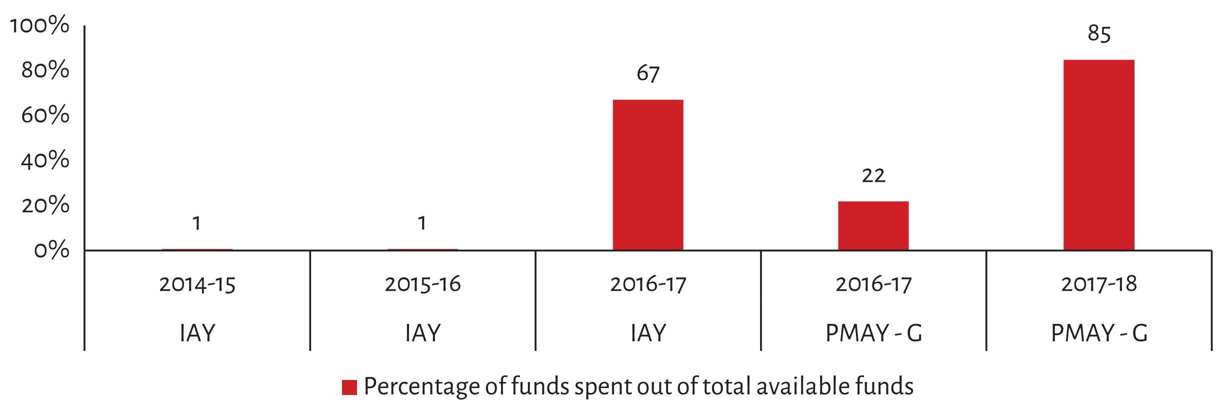


Source: PMAY-G MIS system: B3.High level financial progress report. http://rhreporting.nic.in/netiay/FinancialProgressReport/finProgress_newRpt.aspx. Last accessed on 10 January 2018.

Expenditures

- Total funds available in any given year include opening balances (unspent funds from the previous year), GoI and state releases, and interest earned.
- Expenditure as a proportion of funds available has improved considerably over the years. In FY 2014-15, under IAY a meagre 1 per cent of funds available were spent. This increased to 67 per cent in FY 2016-17, under IAY.
- Due to the late launch of PMAY-G in November 2016, expenditure on the scheme got off to a slow start. In FY 2016-17, only 22 per cent of the funds available were spent. This, however, increased significantly in FY 2017-18 and 85 per cent of available funds had already been spent by 10 January 2018.

EXPENDITURE PERFORMANCE IMPROVED FROM 1% IN 2014-15 TO 85% IN 2017-18 TILL 10 JANUARY 2018



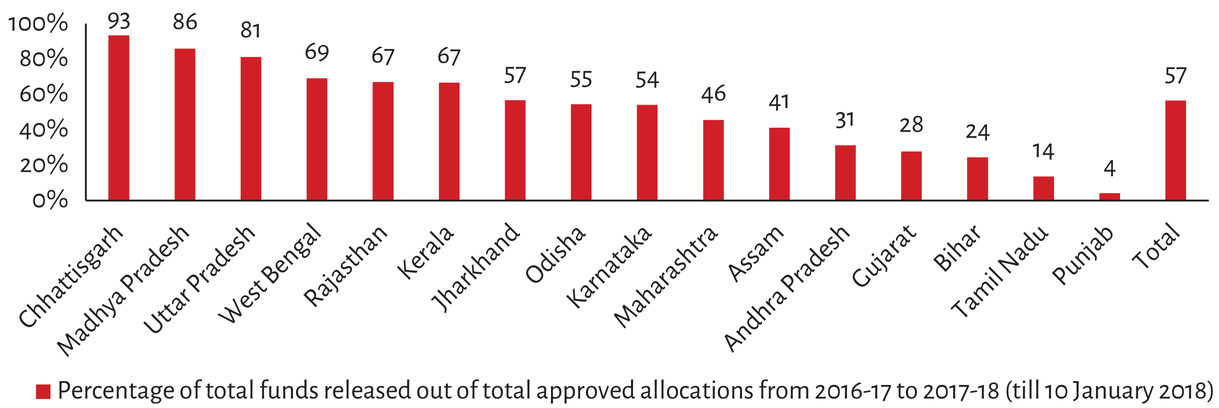
Source: PMAY-G MIS system: B3. High level financial progress report. Available online at: http://rhreporting.nic.in/netiay/FinancialProgressReport/finProgress_newRpt.aspx. Last accessed on 10 January 2018.

TRENDS IN STATE-WISE RELEASES AND EXPENDITURES

Releases

- Given that PMAY-G was launched nearly three quarters into FY 2016-17, releases as a proportion of approved budgets have been analysed cumulatively from FY 2016-17 to FY 2017-18 till 10 January 2018.
- During this period, on average 57 per cent of the total approved budget had been released by GoI and states. There are, however, significant state variations.
- Funds released as a proportion of approved budgets was high in Chhattisgarh, Madhya Pradesh and Uttar Pradesh at 93 per cent, 86 per cent and 81 per cent, respectively. In contrast, releases were low in Gujarat (28 per cent), Bihar (24 per cent), Tamil Nadu (14 per cent), and Punjab (4 per cent).

OVER 80% OF TOTAL FUNDS APPROVED HAD BEEN RELEASED IN CHHATTISGARH, MADHYA PRADESH AND UTTAR PRADESH FROM 2016-17 TO 2017-18 TILL 10 JANUARY 2018

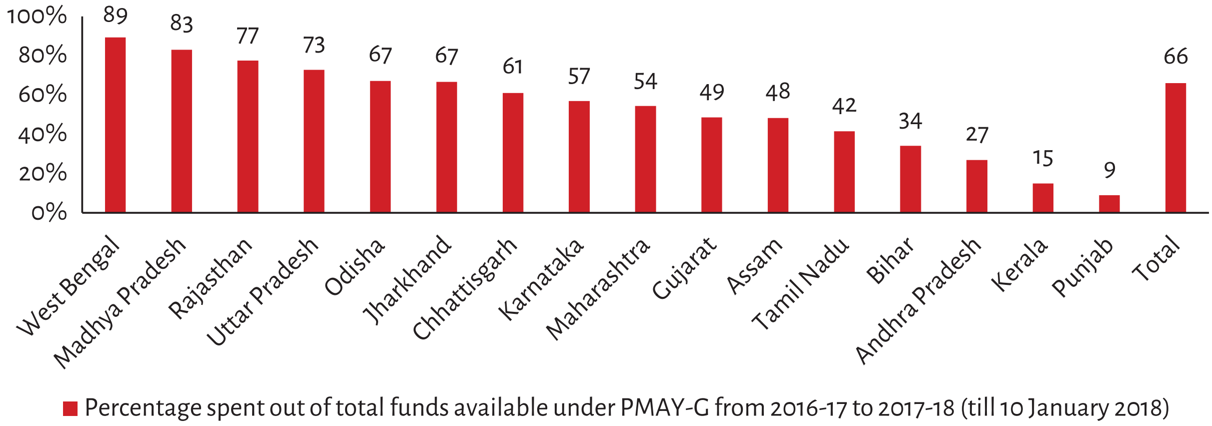


Source: PMAY-G MIS system: B3. High level financial progress report. http://rhreporting.nic.in/netiay/FinancialProgressReport/finProgress_newRpt.aspx. Last accessed on 10 January 2018.

Expenditures

- There were significant variations among states in their expenditure performance. Between FY 2016-17 and FY 2017-18 till 10 January 2018, West Bengal and Madhya Pradesh spent 89 and 83 per cent of their funds available, respectively. In contrast, Bihar and Andhra Pradesh spent only 34 per cent and 27 per cent, respectively. Utilization was also low in Kerala and Punjab at 15 per cent and 9 per cent, respectively.
- Most states have better utilization under PMAY-G than IAY. While a few states such as Karnataka, Andhra Pradesh, Maharashtra, Uttarakhand and Tamil Nadu remain exceptions, states such as Madhya Pradesh, Uttar Pradesh, Odisha, Jharkhand and Chhattisgarh, have improved their expenditure performance from under 5 per cent during FY 2014-15 to FY 2015-16, to over 60 per cent from FY 2016-17 to FY 2017-18 till 10 January 2018.

KERALA AND PUNJAB HAD SPENT ONLY 15% AND 9% OF TOTAL FUNDS AVAILABLE FROM 2016-17 TO 2017-18 TILL 10 JANUARY 2018

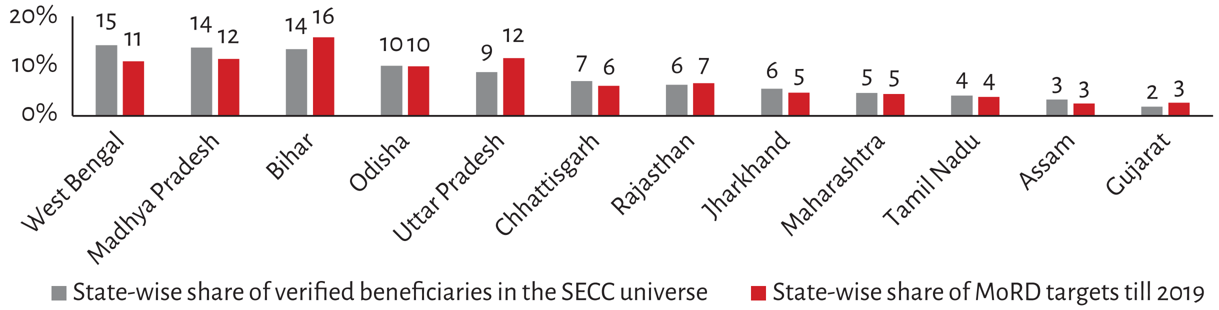


Source: PMAY-G MIS system: B3. High level financial progress report, fund utilization data has been used. Available online at: http://rhreporting.nic.in/netiay/FinancialProgressReport/finProgress_newRpt.aspx. Last accessed on 10 January 2018.

BENEFICIARY SELECTION AND TARGET SETTING

- As previously mentioned, the PMAY-G scheme uses the Socio Economic and Caste Census (SECC 2011) to target beneficiaries -a departure from the BPL measurement used in IAY. The BPL data gave an estimate of the number of poor in each state. In contrast, the SECC database captures specific deprivation related to housing of individual households.
- Of the 4,01,68,806 beneficiaries identified through the SECC 2011 database, 2,60,05,740 beneficiaries, i.e. 65 per cent have been verified by each Gram Panchayat (GP) and the Appellate Committee after accounting for the houses built under IAY and other state sponsored schemes. This forms the universe of beneficiaries to be targeted under the PMAY-G "Housing for All" scheme, by 2022.
- The MoRD target of 1 crore houses till March 2019 represents 38 per cent of the verified beneficiaries and 25 per cent of the universe of beneficiaries identified by SECC 2011. The remaining 62 per cent of the verified beneficiaries will need to be covered in the second phase from 2019 to 2022.
- There are differences between the state-wise distribution of verified beneficiaries and the state-wise MoRD target for construction set till 2019.
- The share of total beneficiaries as per the verified beneficiary list, was the highest for West Bengal at 15 per cent of the total beneficiaries. Annual targets by MoRD, however, prioritised Bihar, which accounts for 16 per cent of the target houses to be constructed. Similarly, while Uttar Pradesh constitutes 9 per cent of the verified beneficiaries, the state accounts for 12 per cent of the target houses to be constructed by 2019.
- In contrast, West Bengal and Madhya Pradesh constituted 15 per cent and 14 per cent of the beneficiaries verified, respectively. However, these states account for only 11 per cent and 12 per cent of MoRD's 2019 construction target, respectively.

WHILE UTTAR PRADESH CONSTITUTES ONLY 9% OF TOTAL VERIFIED BENEFICIARIES, IT CONSTITUTES 12% OF THE SHARE OF MORD TARGETS TILL 2019



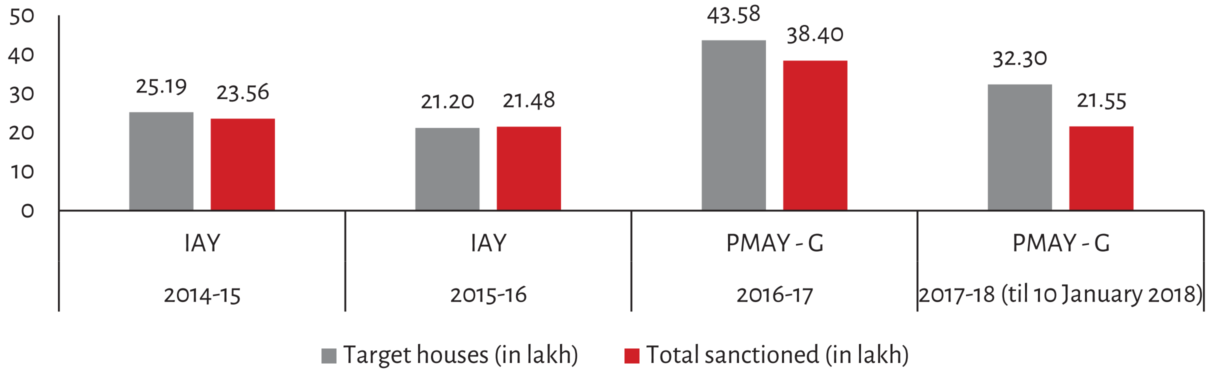
Source: PMAY-G MIS system: (1) B.1 Annual Target Allocation. Available online at: http://rhreporting.nic.in/netiay/FinancialProgressReport/allocation1.aspx. (2) E.4. Category-wise SECC Data Verification Summary. Available online at: http://rhreporting.nic.in/netiay/SECCReport/secc_total_rej_newlyadd.aspx?page1=start. Last accessed on 10 January 2018.

TRENDS IN TARGETS, COMPLETION AND ACHIEVEMENTS

Target Setting

- Based on the 1 crore target for phase-1 of PMAY-G, MoRD has set a target of 43.58 lakh houses to be constructed in FY 2016-17 and a target of 32.30 lakh houses to be constructed in FY 2017-18.
- After the MoRD target for the year has been set, identified beneficiaries need to be registered on the MIS with details of bank account, name of nominee, MGNREGS card number, mobile number and Aadhar number. Once successfully registered, the final registered beneficiary list, known also as an "Annual Select List" is generated. Sanction orders are then generated for each registered beneficiary.
- There were considerable differences in the MoRD annual target for the year and the number of houses sanctioned. In FY 2016-17, even though 48.79 lakh beneficiaries were registered, only 38.40 lakh houses were sanctioned, accounting for 88 per cent of the MoRD target for that year. In FY 2017-18, 27.63 lakh beneficiaries were registered and 21.55 lakh houses had been sanctioned till 10 January 2018, accounting for 67 per cent of the annual MoRD target.
- In the remaining period of phase-1 of PMAY-G till March 2019, 40.05 lakh more houses will need to be sanctioned and completed in order to achieve the MoRD target of 1 crore houses by 2019.

88% AND 67% OF MORD TARGET HAD BEEN SANCTIONED BETWEEN 2016-17 AND 2017-18 (TILL 10 JANUARY 2018), RESPECTIVELY

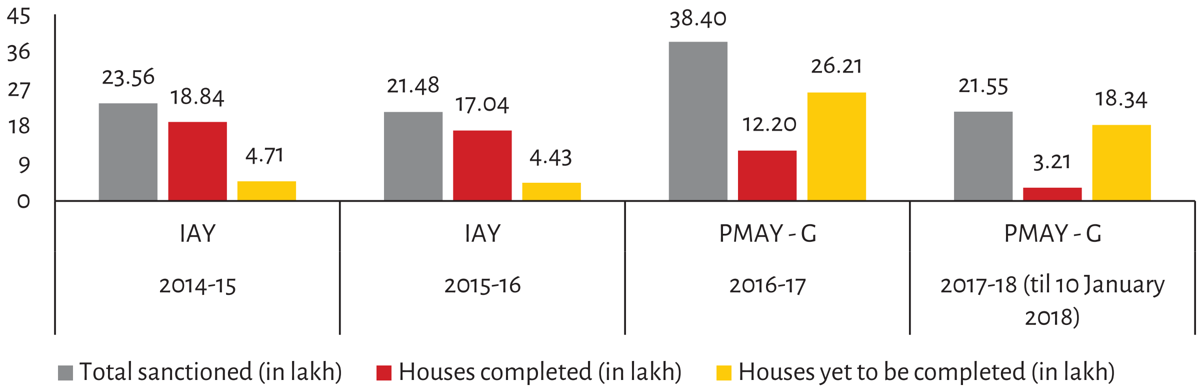


Source: PMAY-G MIS system: B.1 Annual Target Allocation. Available online at: http://rhreporting.nic.in/netiay/FinancialProgressReport/allocation1.aspx. Last accessed on 10 January 2018.

House Completion

- A total of 51.29 lakh houses had been completed and inspected between FY 2014-15 and FY 2017-18 till 10 January 2018 under the erstwhile IAY scheme as well as the PMAY-G scheme, against a combined target of 1.2 crore houses. This constitutes a 49 per cent completion rate against the total houses sanctioned during the same period.
- Pace of house construction has, however, been slow. As on 10 January 2018, only 80 per cent of the houses sanctioned under IAY in FY 2014-15 were completed. Similarly, of the houses sanctioned in FY 2015-16, only 79 per cent had been completed till 10 January 2018.
- The trend continues under PMAY-G. As on 10 January 2018, 32 per cent of houses sanctioned in FY 2016-17 and 15 per cent of those sanctioned in FY 2017-18 had been completed. Cumulatively, since the launch of the PMAY-G scheme, a total of 15.41 lakh houses had been completed till 10 January 2018. This represents a 30 per cent completion rate against the interim target of 51 lakh houses to be built by March 2018, and a 15 per cent completion rate against the March 2019 target of building 1 crore houses.

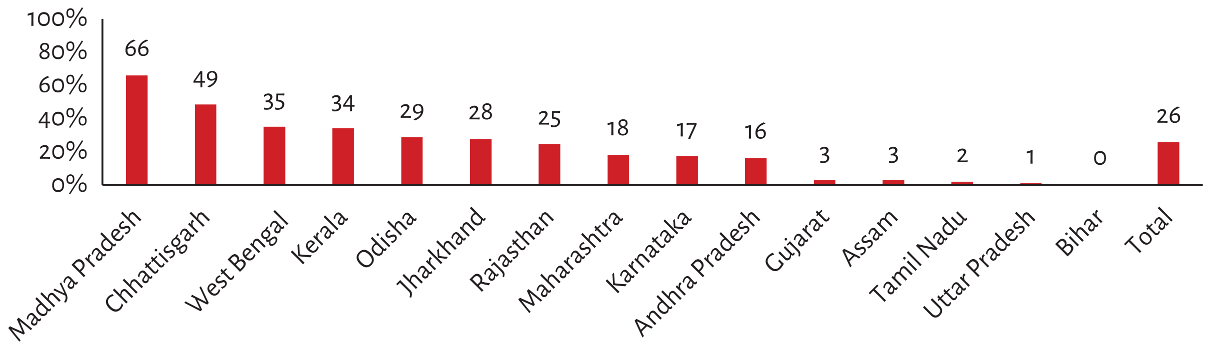
15.41 LAKH HOUSES COMPLETED UNDER THE PMAY-G SCHEME TILL 10 JANUARY 2018



Source: PMAY-G MIS system: A.1. High level physical progress report in MIS (report for each FY under IAY new construction or PMAY-G new construction). Available online at http://rhreporting.nic.in/netiay/PhysicalProgressReport/highlevelphysicalprogressreport.aspx. Last accessed on 10 January 2018.

- A state-wise breakup of all houses completed between 2016-17 and 10 January 2018, reveals that Madhya Pradesh accounted for 33 per cent of the total houses constructed. West Bengal, Odisha and Chhattisgarh account for 19 per cent, 14 per cent and 14 per cent, respectively. These four states together account for 80 per cent of all houses completed in this period.
- From FY 2016-17 to FY 2017-18 till 10 January 2018, Madhya Pradesh had completed construction of 66 per cent of all houses sanctioned. In contrast, Gujarat, Assam and Tamil Nadu had completed only 3 per cent, 3 per cent and 1 per cent, respectively.
- Despite high share of targets in Uttar Pradesh and Bihar, only 1 per cent of sanctioned houses were completed in Uttar Pradesh and less than 1 per cent in Bihar.

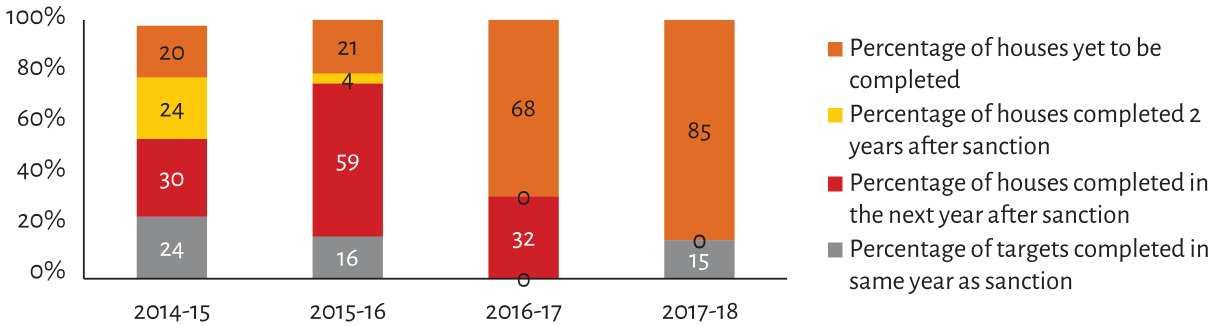
ONLY MADHYA PRADESH HAS COMPLETED AT LEAST 50% OF HOUSES SANCTIONED BETWEEN 2016-17 AND 2017-18 TILL 10 JANUARY 2018



Source: PMAY-G MIS system, A.1. High level physical progress report in MIS (report for each FY under IAY new construction or PMAY-G new construction). Available online at http://rhreporting.nic.in/netiay/PhysicalProgressReport/highlevelphysicalprogressreport.aspx. Last accessed on 10 January 2018.

- Low completion rates are partly due to delays in the construction process. While the guidelines require houses to be completed within 12 months of sanctioning, given the resource intensive nature of house building, construction is spread over multiple years. Of all the houses sanctioned from FY 2014-15 till FY 2016-17, only 11 per cent houses sanctioned in a year were constructed within the same financial year and 38 per cent were constructed by the next financial year.
- Given that delays in the sanctioning process by itself could result in delays in construction, it is thus useful to see the proportion of houses completed within two financial years. Of the 38.4 lakh houses sanctioned in FY 2016-17, 32 per cent houses were constructed by the second year, namely FY 2017-18, and 68 per cent of houses remained incomplete as of 10 January 2018. In FY 2017-18, only 15 per cent of houses sanctioned had been completed by 10 January 2018.
- The pace of house construction has declined from FY 2014-15 to FY 2016-17. In FY 2014-15, 54 per cent of houses were constructed by the next financial year. In FY 2016-17, however, only 32 per cent of the houses sanctioned had been completed by 10 January 2018.

38% HOUSES SANCTIONED IN ONE YEAR GET CONSTRUCTED IN YEAR 2; 51% HOUSES REMAIN UNFINISHED EVEN 2 YEARS AFTER SANCTION



Source: PMAY-G MIS system: (1) A.1. High level physical progress report in MIS. Available online at http://rhreporting.nic.in/netiay/PhysicalProgressReport/highlevelphysicalprogressreport.aspx. (2) A.2. Year-wise breakup of houses completed. Available online at http://rhreporting.nic.in/netiay/PhysicalProgressReport/yerawisehousecompleted_report.aspx. Last accessed on 10 January 2018.
Note: The percentages in FY 2014-15 do not add up to 100 per cent as houses constructed 3 years after sanction are not included.

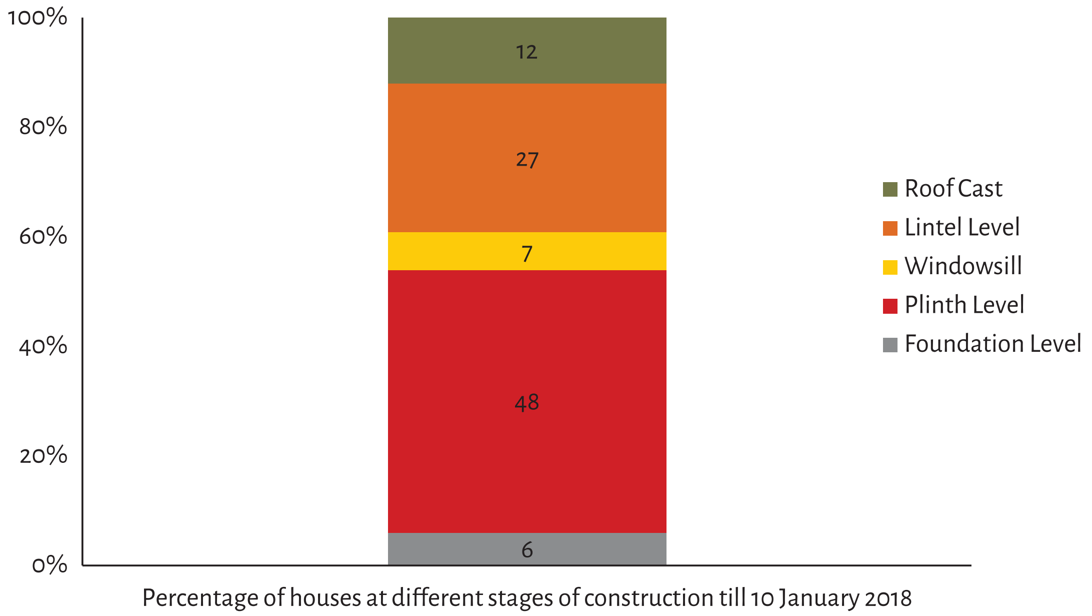
Physical Progress of House Construction

- There are five main stages of physical progress for house construction as identified under the PMAY-G scheme. These are: (a) Foundation level which refers to the base layer construction, (b) Plinth level or the layer just above the foundation to raise the construction above ground level, (c) Windowsill – the level between the portion of the floor above ground level and base portion of the window, (d) Lintel level which refers to the portion between the top of the window and the top slab, (e) Roof cast stage the final stage when the roof beam is constructed and the roof is built. A house is declared completed after the conclusion of all the stages and completion of door/window fittings.

- For the period between FY 2016-17 and 10 January 2018 under PMAY-G, 15.40 lakh houses had already been completed and 59.96 lakh houses across states were at different stages of completion.

- A break up of the houses under construction by their physical stage of construction reveals that 48 per cent or 28.44 lakh houses are at the plinth level of house construction, 7 per cent (4.09 lakh) houses are at the windowsill level and 27 per cent (16.36 lakh) are at the lintel level of house construction. Only 12 per cent or 7.21 lakh houses are nearing completion at the roof cast stage.

48% HOUSES UNDER CONSTRUCTION ARE AT THE PLINTH LEVEL OF CONSTRUCTION



Source: PMAY-G MIS system: (1) A.1. High level physical progress report in MIS (report for each FY under IAY new construction or PMAY-G new construction). Available online at http://rhreporting.nic.in/netiay/PhysicalProgressReport/highlevelphysicalprogressreport.aspx. (2) B2. Unit Assistance and Instalment Details MIS. Available online at http://rhreporting.nic.in/netiay/FinancialProgressReport/installment_report.aspx?fin_year=2016-17. Last accessed on 10 January 2018.

Note: Some states including Telangana and Andhra Pradesh have not provided mapping of instalments to physical stages in the MIS. These states have thus been excluded from the analysis.

Payments to Beneficiaries

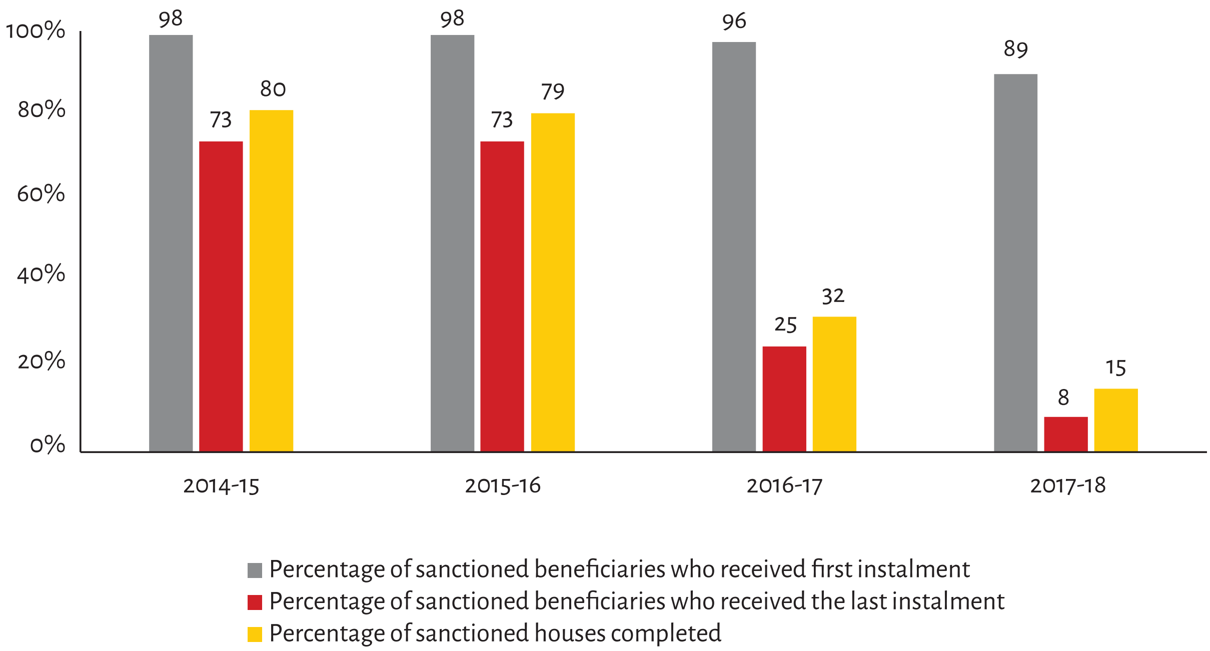
- Financial assistance to beneficiaries is provided in instalments. The first instalment is to be released to the beneficiary within 7 working days of the date of issue of sanction order.

- In FY 2014-15, 98 per cent of all beneficiaries who were sanctioned a house, had received their first instalment. This declined to 96 per cent in FY 2015-16 and FY 2016-17. In FY 2017-18, till 10 January 2018, 89 per cent of beneficiaries who were sanctioned houses had received their first instalment.

- Subsequent instalments are released based on completion of different stages of house construction. For instance, the second instalment is mapped to physical progress to either the foundation, plinth, windowsill or lintel level and the third instalment payment is made following house construction up to lintel level or roof cast stage or upon house completion. Some states also have a fourth instalment payment option that is mapped to roof cast stage or house completion.

- There is considerable variation among states in their choice of the number of instalments, the assistance provided for each instalment as well as the mapping of instalments to house construction stages. In FY 2017-18, states such as Gujarat, Jharkhand and Madhya Pradesh have opted for four instalments with the last instalment paid upon house completion. Other states such as Uttar Pradesh, Rajasthan and Chhattisgarh have only a total of three instalments with the last instalment paid upon completing roof cast stage.

14% OF BENEFICIARIES WHO HAVE COMPLETED HOUSE CONSTRUCTION FROM 2014-15 TILL 10 JANUARY 2018 ARE YET TO RECEIVE THEIR FINAL INSTALMENT



Source: PMAY-G MIS system: (1) A.1. High level physical progress report in MIS (report for each FY under IAY new construction or PMAY-G new construction). Available online at http://rhreporting.nic.in/netiay/PhysicalProgressReport/highlevelphysicalprogressreport.aspx. (2) B2. Unit Assistance and Installment Details MIS. Available online at http://rhreporting.nic.in/netiay/FinancialProgressReport/installment_report.aspx?fin_year=2016-17. Last accessed on 10 January 2018.

- As per the MIS, 80 per cent of the beneficiaries who were sanctioned houses in FY 2014-15 had completed house construction by 10 January 2018. However, only 73 per cent of the beneficiaries had received their last instalment by the same date.
- Similarly, while 79 per cent of houses sanctioned in FY 2015-16 have been completed, the last instalment was released to 73 per cent of the beneficiaries. This means that a total of 3.01 lakh beneficiaries between FY 2014-15 and FY 2015-16 who had completed house construction had still not received their final instalment payment as on 10 January 2018.
- A similar trend continues through the subsequent years under PMAY-G as well. Between FY 2016-17 and FY 2017-18, till 10 January 2018, under PMAY-G, 93 per cent of the 59.9 lakh households who had a house sanctioned had received their first instalment. In other words, 4.05 lakh beneficiaries are yet to receive their first instalment payment which is supposed to be released within seven working days of the date of issue of sanction letter.