



BUDGET BRIEFS

Vol 11/ Issue 9

Pradhan Mantri Awaas Yojana - Gramin (PMAY-G) Gol, 2019-20

Pradhan Mantri Awaas Yojana - Gramin (PMAY-G) is Government of India's (Gol) 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 and cost estimates,
- Releases and expenditures,
- Beneficiary selection and target setting,
- Target completion and physical progress of house construction, and
- 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 Gol share is ₹81,975 crore. Funds are shared between Gol and state governments in a 60:40 ratio. For the Northeastern and Himalayan states, this ratio is 90:10.

HIGHLIGHTS

₹ 1,19,874 cr

Gol allocations for Ministry of Rural Development (MoRD) in FY 2019-20

₹ 19,000 cr

Gol allocations for PMAY-G in FY 2019-20 (BE)

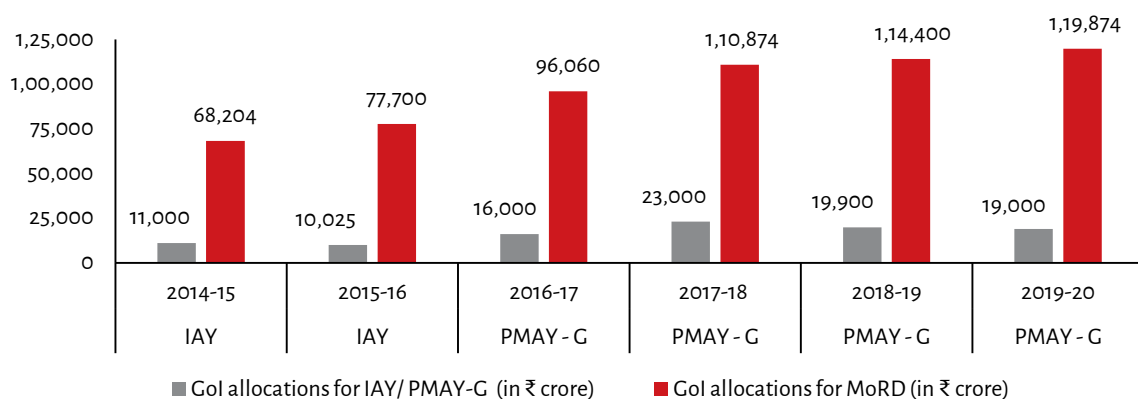
SUMMARY & ANALYSIS

- As per Budget Estimates (BE) for Financial Year (FY) 2019-20, Gol allocated ₹19,000 crore for PMAY-G, a 5 per cent decrease from the previous year's Revised Estimate (RE) but a 19 per cent increase over FY 2016-17.
- Gol allocations, however, remain lower than the approved Gol share. In PMAY-G Phase I (2014-2019), cumulative Gol allocations were 24 per cent less than Gol's cumulative approved share for the same period. In Year 1 of Phase II, FY 2019-20, Gol allocations were only 50 per cent of Gol approved share.
- MoRD targets for house construction are concentrated in six states. West Bengal, Madhya Pradesh, Bihar, Odisha, Uttar Pradesh, and Chhattisgarh accounted for 70 per cent of all houses to be constructed in PMAY-G Phase I.
- Expenditure as a proportion of available funds has been high in the last two years of PMAY-G Phase I. In both, FY 2017-18 and FY 2018-19, 80 per cent of available funds were spent.
- Construction of 81.4 lakh houses, or 81 per cent of the PMAY-G Phase I target of 1 crore houses, was completed from the launch of the scheme till March 2019. A target of 1.95 crore houses has been set for Phase II.

TRENDS IN GOI ALLOCATIONS, RELEASES AND EXPENDITURES

- In April 2016, Government of India (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 rural houseless households and those living in dilapidated and *kutcha* houses, by 2022.
- The restructured scheme, PMAY-G, emerged against the backdrop of a Performance Audit Report by the Comptroller and Auditor General of India (CAG) in 2014 which pointed to several gaps in the selection of beneficiaries, lack of convergence, low quality of house construction, and weak monitoring mechanisms in the previous IAY scheme. The report had found that these gaps had limited the impact and outcomes of the programme.
- PMAY-G sought to address these gaps by:
 - Enhancing the monetary assistance given to beneficiaries from ₹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 phases. Phase I took place from November 2016 to March 2019, and aimed to construct houses for 1 crore households. Phase II was approved in February 2019, and has a target of constructing 1.95 crore houses by March 2022.
- Since both IAY and PMAY-G 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 allocations, releases, and expenditure trends across both schemes.
- In FY 2019-20 (BE), GoI allocated ₹19,000 crore for PMAY-G, a 5 per cent decrease from the previous financial year's Revised Estimate (RE) which was ₹19,900 crore. However, this is a 19 per cent increase over the allocations for PMAY-G in FY 2016-17.

GOI ALLOCATIONS FOR PMAY-G DECREASED BY 5% FROM 2018-19 TO 2019-20



Source: Union Expenditure Budget, Vol. 2, Ministry of Rural Development. Available online at: www.indiabudget.gov.in.

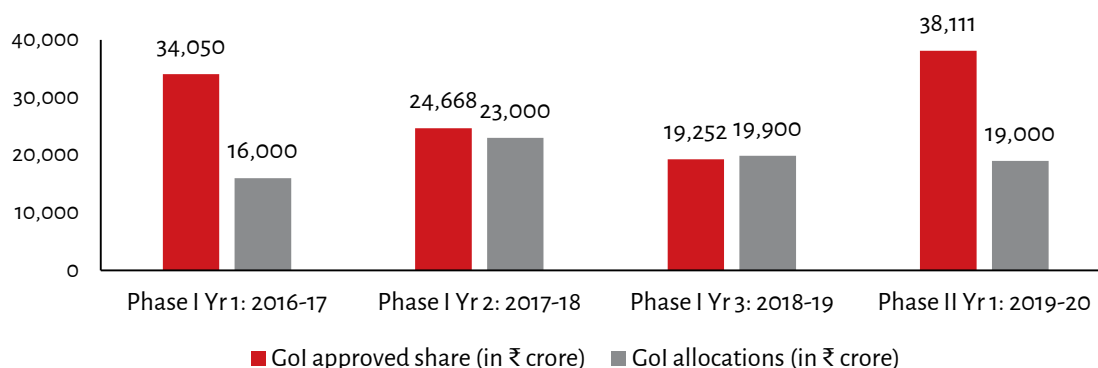
Note: All figures are in Rupees crore and are Revised Estimates (RE) except for FY 2019-20, which are Budget Estimates (BE). Last accessed on 5 July 2019.

- The total cost estimate for Phase 1 of the scheme to target 1 crore households till March 2019, was ₹1,30,075 crore. As per the guidelines, Gol's share was ₹81,975 crore of which ₹1,975 crore was to be met through borrowings from the National Bank for Rural Development (NABARD), which will be amortised through budgetary allocations post 2022.

Fund Approvals and Allocations

- There are differences between Gol share approved by the MoRD to meet the target number of houses set, and actual Gol allocations. As per the Management Information System (MIS), the Gol share approved for FY 2016-17 was ₹34,050 crore. Gol allocations, however, stood at ₹16,000 crore, or 47 per cent of the approved funds. The gap decreased considerably in the last 2 years of Phase I, but has reappeared in Year 1 of Phase II.
- In FY 2018-19, while the Gol approved share was ₹19,252 crore, allocations stood at ₹19,900 crore, 3 per cent more than the approved funds. In Year 1 of PMAY-G Phase II, Gol approved share as per the MIS was ₹38,111 crore, while Gol allocation for FY 2019-20 was only ₹19,000 crore. This is 50 per cent of the Gol approved share for the year.
- Between November 2016 and March 2019, Gol's cumulative approved share for PMAY-G Phase I was ₹77,970 crore. During this same period, ₹58,900 crore was allocated for the scheme, 24 per cent less than the approved share.

GOI ALLOCATION IN PHASE I OF PMAY-G WAS 24% LESS THAN THE APPROVED SHARE



Source: (1) Union Expenditure Budget, Vol. 2, Ministry of Rural Development. Available online at: www.indiabudget.gov.in. (2) PMAY-G MIS system: B.1 Annual Target and Allocation. Available online at: <http://rhreporting.nic.in/netiay/FinancialProgressReport/allocation1.aspx>.

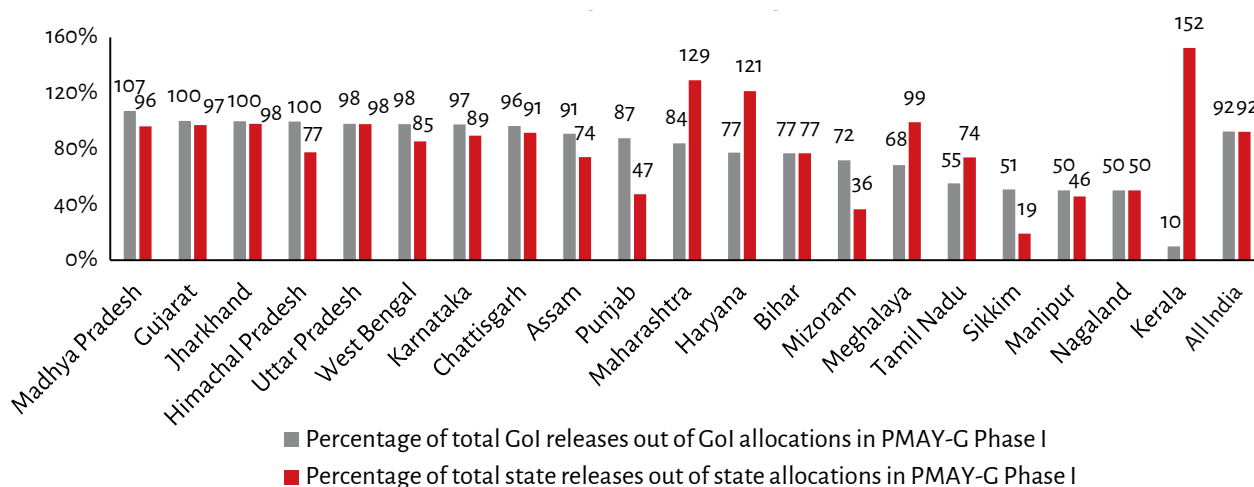
Note: Figures are in crores of Rupees and are REs, except for FY 2019-20, which are BEs. Last accessed on 5 July 2019. Figures for Gol approved share were last accessed on 25 June 2019.

Releases

- Gol allocations to states and Union Territories (UTs) are 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 conditional on the states submitting a complete proposal. The second instalment is provided subject to the utilisation of 60 per cent of total available funds, and fulfilling necessary criteria on target setting, sanctions, release of first instalment, and house construction.
- Given that PMAY-G was launched nearly three quarters into FY 2016-17 and has just concluded the period for the first phase at the end of FY 2018-19, releases as a proportion of approved budgets have been analysed cumulatively for the entirety of Phase I, i.e. from FY 2016-17 to FY 2018-19 till March 2019.
- Overall release of funds has been high. Over the three years of implementation of Phase I of PMAY-G, 92 per cent of the Gol approved share was released, and 92 per cent of the state approved share was released.

- There are, however, variations among states. Release of Gol approved funds was high for Madhya Pradesh (107 per cent), Gujarat (100 per cent), Jharkhand (100 per cent), Uttar Pradesh (98 per cent), and West Bengal (98 per cent).
- Gol releases were low for Kerala (10 per cent) and Tamil Nadu (55 per cent). However, these count among several states that continued to receive funds under IAY in FY 2016-17. Total Gol releases for Kerala and Tamil Nadu including IAY stood at 38 per cent and 75 per cent. Releases were also low in a number of Northeastern states. For instance, during the same period, Sikkim, Manipur, and Nagaland received only half their approved budgets.
- Release of state funds has also been high overall, with 16 states releasing over 85 per cent of their approved allocations. Release of state share in Phase 1 was high in Kerala (152 per cent), Maharashtra (129 per cent), and Haryana (121 per cent). It was, however, low in Punjab (47 per cent) and some of the Northeastern states, such as Sikkim (19 per cent), Mizoram (36 per cent), Manipur (46 per cent), and Nagaland (50 per cent).

92% OF FUNDS ALLOCATED FOR PMAY-G PHASE I WERE RELEASED FROM 2016-17 TO 2018-19

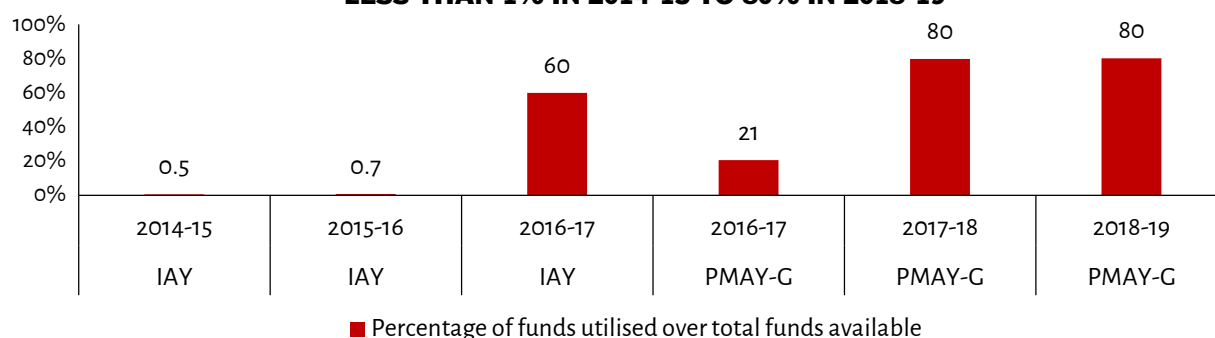


Source: PMAY-G MIS system: B3. High level financial progress report. Available online at: http://rhreporting.nic.in/netiay/FinancialProgressReport/finProgress_newRpt.aspx. Last accessed on 25 June 2019.

Expenditures

- Total funds available in any given year include opening balances (unspent funds from the previous year), Gol and state releases, and interest earned.
- 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 21 per cent of the funds available were spent. This increased significantly in FY 2017-18 and FY 2018-19, with 80 per cent of available funds spent in both years.

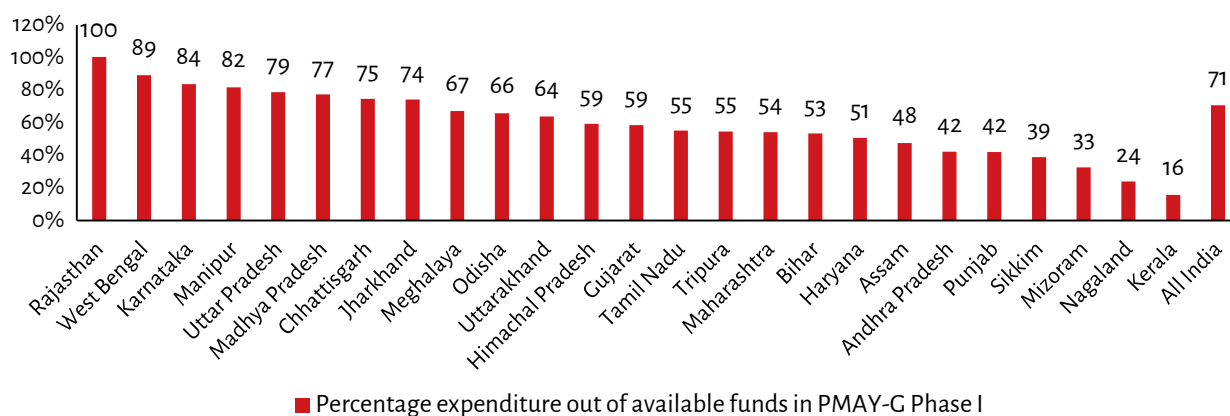
EXPENDITURE PERFORMANCE HAS IMPROVED FROM LESS THAN 1% IN 2014-15 TO 80% IN 2018-19



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 25 June 2019.

- There were significant variations among states in their expenditure performance during the implementation of Phase I of PMAY-G between FY 2016-17 and FY 2018-19. Fund utilisation was high in Rajasthan and West Bengal, with 100 per cent and 89 per cent of their available funds being spent.
- In contrast, despite receiving 81 per cent of its approved budget, Andhra Pradesh spent only 42 per cent of its total available funds during this period. Utilisation was particularly low in Kerala, with 16 per cent of available funds spent throughout Phase I of PMAY-G

RAJASTHAN SPENT 100% OF AVAILABLE FUNDS IN PMAY-G PHASE I

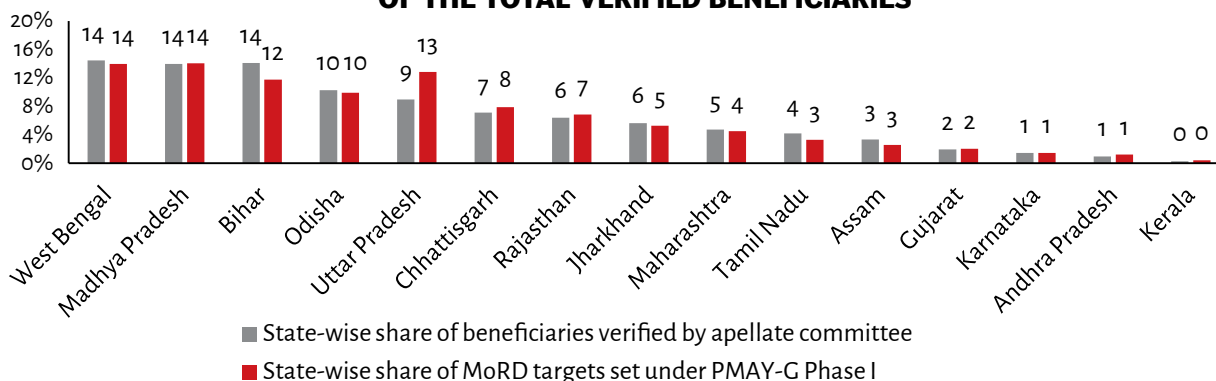


Source: PMAY-G MIS system: B3. High level financial progress report, fund utilisation data has been used. Available online at: http://rhreporting.nic.in/netiay/FinancialProgressReport/finProgress_newRpt.aspx. Last accessed on 25 June 2019.

BENEFICIARY SELECTION AND TARGET SETTING

- PMAY-G uses the Socio Economic and Caste Census (SECC 2011), which captures deprivation related to housing of individual households to identify and target beneficiaries. Of the 4,04,00,748 beneficiaries identified through the SECC 2011 database, 2,63,67,000 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 PMAY-G by 2022. The Phase 1 target of 1 crore houses represents 38 per cent of the beneficiaries verified by the appellate committee in need of housing.
- In addition to the phase-wise targets, at the start of the scheme, MoRD also set annual and state-wise targets of houses to be completed. Houses to be constructed were 42.79 lakh in FY 2016-17, 32.05 lakh in FY 2017-18 and 25.16 lakh in FY 2018-19. Cumulatively, this is 334 houses more than the 1 crore target.
- There are differences in the distribution of beneficiaries and targets among states. As per targets set on the basis of SECC 2011 data, six states, namely West Bengal, Madhya Pradesh, Bihar, Odisha, Uttar Pradesh, and Chhattisgarh accounted for 70 per cent of all houses to be constructed in the first phase.
- The targets set are proportionate to the share of beneficiaries in need of housing for most states, except Bihar and Uttar Pradesh. Annual targets have prioritised Uttar Pradesh, which accounts for 13 per cent of the houses to be constructed, while it only accounts for 9 per cent of the verified beneficiary list. In contrast, Bihar, which accounts for 12 per cent of the cumulative annual targets, has 14 per cent of the verified beneficiaries.

WHILE UTTAR PRADESH ACCOUNTS FOR 13% OF MORD TARGETS, IT CONSTITUTES ONLY 9% OF THE TOTAL VERIFIED BENEFICIARIES



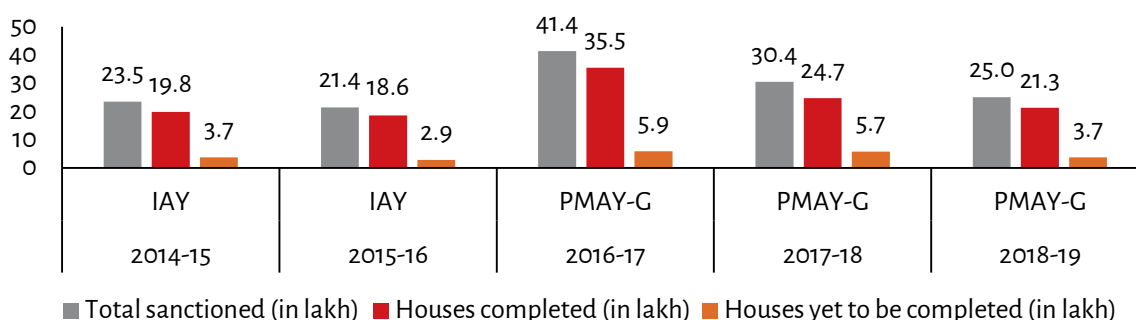
Source: PMAY-G MIS system: (1) B.1 Annual Target and Allocation. Available online at: <http://rhreporting.nic.in/netiay/FinancialProgressReport/allocation1.aspx>. (2) E.4. Category-wise SECC Data Verification Summary. Available online at: http://rhreporting.nic.in/netiay/SECCReport/secc_total_rej_newlyadd.aspx?page1=start. Last accessed on 25 June 2019.

TRENDS IN TARGETS, COMPLETION AND ACHIEVEMENTS

House Sanctions and Completion

- For PMAY-G Phase I, the MoRD set a cumulative target of 1 crore houses to be constructed across the country from FY 2016-17 to FY 2018-19.
- After the year-wise MoRD target is set, identified beneficiaries need to be registered on the MIS with details of bank account, name of nominee, MGNREGS card number, mobile number, and Aadhaar number. Once successfully registered, the final registered beneficiary list, also known as the “Annual Select List” is generated. Sanction orders are then generated for each registered beneficiary.
- Between November 2016 and March 2019, 97 per cent of the MoRD target for phase-1 of PMAY-G had been sanctioned, and 81.4 lakh houses, or 81 per cent of the target of 1 crore houses had been completed by 31 March 2019.
- Between FY 2014-15 and FY 2018-19, a cumulative total of 1.19 crore houses had been completed under the erstwhile IAY scheme and PMAY-G, against a combined target of 1.5 crore houses. This represents a 79 per cent completion rate for the total houses sanctioned during this period.
- By June 2019, 84 per cent of the houses sanctioned in FY 2014-15 and 87 per cent of the houses sanctioned in FY 2015-16 under IAY had been completed. Under PMAY-G, the proportions stood at 86 per cent for houses sanctioned in FY 2016-17, 81 per cent for houses sanctioned in FY 2017-18, and 85 per cent in FY 2018-19.

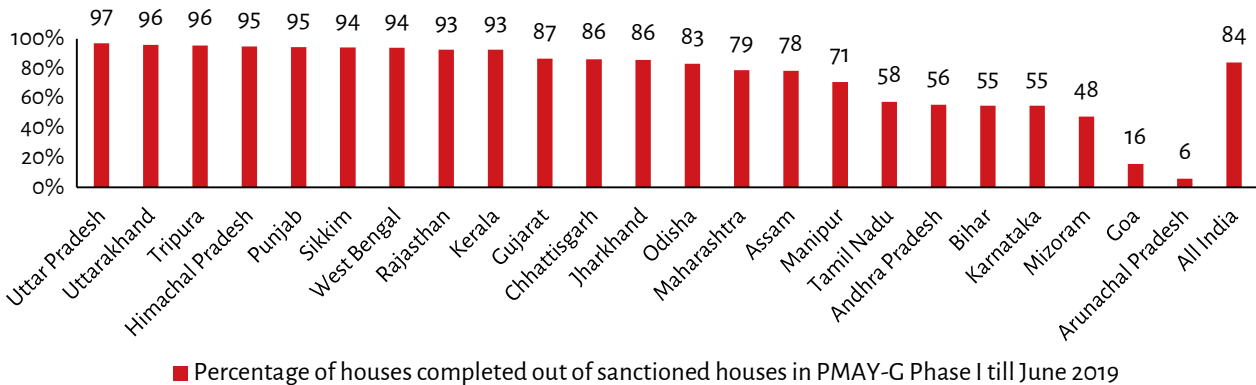
81.4 LAKH HOUSES COMPLETED UNDER PMAY-G PHASE I TILL MARCH 2019



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 25 June 2019.

- A state-wise breakup of houses completed in the period from FY 2016-17 and June 2019 reveals that Madhya Pradesh accounted for 16 per cent of total houses constructed. West Bengal, Uttar Pradesh and Odisha accounted for 16 per cent, 15 per cent and 10 per cent, respectively. These four states accounted for 58 per cent of all houses completed during this period.
- Completion rates were more than 85 per cent for 14 states and over 90 per cent for 11 states. From FY 2016-17 to June 2019, Uttar Pradesh had completed construction of 97 per cent of all houses sanctioned in this period.

UTTAR PRADESH HAD COMPLETED CONSTRUCTION FOR 97% OF HOUSES SANCTIONED BETWEEN 2016-17 AND 2018-19

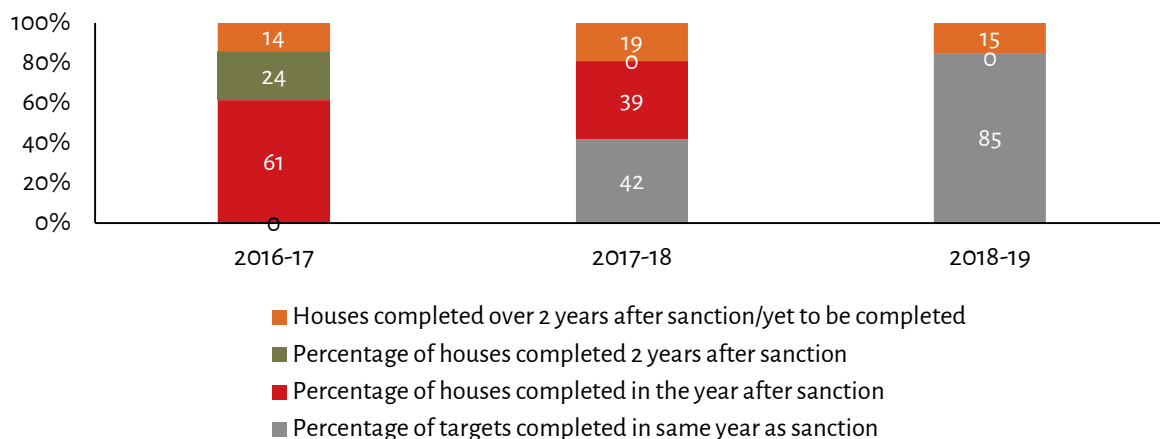


Source: PMAY-G MIS system, A.1. High level physical progress report in MIS (report for each FY under IAY new construction or PMAY-G new construction). Available online at: <http://rhreporting.nic.in/netiay/PhysicalProgressReport/highlevelphysicalprogressreport.aspx>. Last accessed on 25 June 2019.

Pace of Construction

- Pace of construction under PMAY-G has increased significantly. 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.

85% OF THE HOUSES SANCTIONED IN THE LAST OF PMAY-G PHASE I WERE COMPLETED IN THE SAME YEAR

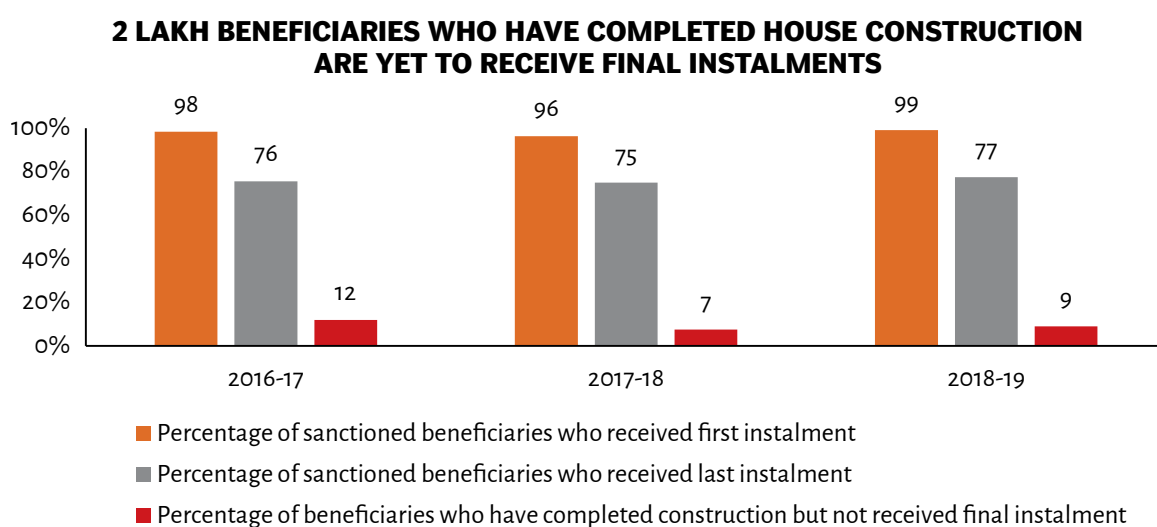


Source: PMAY-G MIS system: (1) A.2. High level physical progress report in MIS. Available online at: <http://rhreporting.nic.in/netiay/PhysicalProgressReport/highlevelphysicalprogressreport.aspx>. (2) A.1. Year-wise house completion report. Available online at: http://rhreporting.nic.in/netiay/PhysicalProgressReport/yerawisehousecompleted_report.aspx. Last accessed on 26 June 2019.

- In PMAY-G Phase I, 35 per cent of all sanctioned houses were completed in the year of sanction, while 38 per cent of sanctioned houses were completed in the year after sanctioning. However, the trend is significantly different among the three years of scheme implementation. The first year of PMAY-G Phase I saw 61 per cent of sanctioned houses being completed in the year after sanction. In the final year of PMAY-G Phase I, only 15 per cent houses remain to be completed after 1 year of sanction.

Payments to Beneficiaries

- Financial assistance to beneficiaries is provided in three to four instalments. The first instalment is to be released to the beneficiary within 7 working days of the date of issue of the sanction order.
- Subsequent instalments are released based on the 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. 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 2018-19, states such as Madhya Pradesh, Tamil Nadu, Chhattisgarh, and Odisha had opted for four instalments, with the last instalment paid upon house completion. Other states such as Uttar Pradesh, Rajasthan and West Bengal had only three instalments, with the last instalment paid upon completion of different stages for different states.
- Release of first instalments to beneficiaries under PMAY-G has been high. By June 2019, 98 per cent of all sanctioned beneficiaries under PMAY-G Phase I had received their first instalment, and 76 per cent of all sanctioned beneficiaries had received their last instalments.
- However, there continues to be a delay in receiving final instalments upon completion of construction. As per the MIS, 86 per cent of beneficiaries who were sanctioned houses in FY 2016-17 had completed house construction by June 2019. Only 76 per cent of the beneficiaries had received their final instalment by the same date. Similarly, while 81 per cent of the houses sanctioned in FY 2017-18 had been completed, 75 per cent had received 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 Instalment Details MIS. Available online at: http://rhreporting.nic.in/netiay/FinancialProgressReport/instalment_report.aspx?fin_year=2016-17. Last accessed on 25 June 2019.