

## Executive Summary

Government of India (GoI) launched the scheme Pradhan Mantri Awas Yojana – Housing for All (Urban) [PMAY(U)] during June 2015 envisioning ‘Housing for All’ by 2022. The Government of Karnataka (GoK) notified Karnataka Affordable Housing Policy (KAHP), 2016 in alignment with PMAY(U) and dovetailed the existing state sector housing schemes with PMAY(U).

A performance audit on ‘Implementation of Housing schemes for Urban Poor in Karnataka’ was conducted for the period 2015-16 to 2020-21 to assess whether the selection of beneficiaries for projects under the PMAY(U) scheme ensured inclusion of eligible population and the projects were planned and executed comprehensively to meet the challenges of housing for urban poor. Out of the four verticals of the scheme, the Performance Audit covered the Affordable Housing in Partnership (AHP) and Beneficiary Led individual house Construction (BLC) verticals which were implemented by the Housing Department, GoK. Rajiv Gandhi Housing Corporation Ltd. (RGHCL) functioned as the State Level Nodal Agency (SLNA) for PMAY(U) in the State and the projects under the scheme were implemented through Karnataka Slum Development Board (KSDB) and the Urban Local Bodies (ULB).

As of March 2021, under AHP and BLC verticals, projects were taken up only for 5,17,531 beneficiaries out of the 13,71,592 prospective beneficiaries (38 *per cent*) identified through demand survey. As against the approved 5,17,531 DUs, only 88,395 DUs (17 *per cent*) were completed as of March 2021. The construction of 3,28,499 DUs (63 *per cent*) were yet (March 2021) to be commenced indicating that achieving the mission goal of ‘Housing for All’ by 2022 was a difficult prospect. The various deficiencies in the implementation of the AHP and BLC verticals of the scheme are brought out in the following paragraphs:

- The demand survey for assessing the requirement of housing for urban poor was not effective and carried the risk of exclusion of eligible beneficiaries as only 13.72 lakh prospective beneficiaries were identified in the survey as against 20.35 lakh people requiring affordable housing projected in KAHP, 2016. The demand survey was not completed within the prescribed cut-off date and around 49 *per cent* of the beneficiaries were added to the survey list subsequently affecting strategic planning, setting of annual targets and allocation of resources.

(Chapter 2: Paragraph 2.1.1)

- Only 3.43 lakh out of 5.17 lakh beneficiaries were attached to the approved AHP and BLC projects after due validation using unique identification numbers resulting in beneficiaries drawing multiple benefits under same/different verticals.

(Chapter 2: Paragraph 2.2)

- Analysis of test checked AHP projects revealed that only 12 *per cent* of the beneficiaries who were part of the approved Detailed Project Reports (DPRs) were extended actual benefits and 44 *per cent* of the actual beneficiaries were not even part of the prospective beneficiary list derived

from the demand survey. This resulted in extension of scheme benefits to ineligible beneficiaries such as those with annual income above rupees three lakh and those already having pucca houses. Joint inspection of the houses constructed under the scheme revealed that 41 *per cent* of the houses visited were high-cost multi-storey buildings having carpet area more than 30 square metre and did not fall within the unit cost of ₹ 5 lakh prescribed under the scheme.

(Chapter 2: Paragraph 2.3)

- The Housing For All Plan of Action (HFAPoA) which was the strategic plan document for implementation of the scheme was finalised in 2020 after 5 years from the commencement of the scheme. The finalisation of strategic plan at the fag end of the scheme served the purpose of documentation alone and did not aid in proper execution of the scheme.

(Chapter 2: Paragraph 2.4)

- The State Government was yet to comply four out of six mandatory reforms prescribed in the scheme guidelines to ease the administrative and regulatory bottlenecks for facilitating growth of affordable housing sector through private participation. This resulted in non- implementation of ISSR and AHP verticals with private participation envisaged under the scheme.

(Chapter 2: Paragraph 2.5)

- There was shortage of financial resources under AHP vertical as GoI withheld an amount of ₹ 1003.55 crore due to non-fulfilment of prescribed conditions by State Government and due to short collection of beneficiary contribution and ULB share to the tune of ₹ 8360.78 crore. This resulted in cancellation of AHP projects and non-provision of civic infrastructure for completed houses envisioned under the scheme.

(Chapter 3: Paragraph 3.2)

- The objective of the scheme to provide group housing with infrastructural facilities under AHP vertical was not accomplished as only 14 *per cent* of the houses taken up by Karnataka Slum Development Board (KSDB) under AHP were constructed as group houses and rest of the houses were taken up individually in a scattered manner. These projects were undertaken without provision for basic civic infrastructure such as water supply, underground drainage, roads, electricity etc. prescribed under scheme guidelines.

(Chapter 3: Paragraph 3.3)

- GOI withheld release of first instalment under BLC projects amounting to ₹ 569.56 crore due to shortfall in attachment of beneficiaries to the projects.

(Chapter 4: Paragraph 4.2)

- There was inordinate delay in release of payments under BLC vertical even though beneficiaries achieved the prescribed stage of progress in construction of houses. This resulted in stoppage of work hampering the progress of the scheme.

(Chapter 4: Paragraph 4.3)

- The primary control for Direct Benefit Transfer (DBT) payments, viz, validation through unique identification (Aadhaar), was not carried out for payments amounting to ₹ 172.64 crore made to 12,757 out of 62,648 BLC beneficiaries. Audit analysis revealed double payments amounting to ₹ 1.30 crore in 111 cases due to bye-passing of the above important internal control.

(Chapter 4: Paragraph 4.5)

- Lapses in mandatory monitoring of payments made under Credit Linked Subsidy Scheme (CLSS) vertical by SLNA resulted in 471 beneficiaries who had availed assistance under CLSS receiving benefits again under BLC and AHP verticals.

(Chapter 5: Paragraph 5.2)

- The monitoring of construction of houses by BLC beneficiaries through geo-tagging was carried out through Indira mane application instead of the mandated Bhuvan application which necessitated duplication of the process at an extra expenditure of ₹ 0.79 crore. The geo-tagging of AHP projects taken up by KSDB failed to meet the required technical specifications and consequently the geo-tagging process could not be completed for the houses taken up under AHP vertical.

(Chapter 5: Paragraph 5.3)