

Office of the Comptroller and Auditor General of India

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Press release

C&AG's Performance Audit Report No. 6 of 2018 on National Projects: Ministry of Water Resources, River Development & Ganga Rejuvenation tabled in Parliament today.

Report No. 6 of 2018 of the Comptroller and Auditor General of India – Union Government on National Projects: Ministry of Water Resources, River Development & Ganga Rejuvenation has been tabled in Parliament.

This Report of the Comptroller and Auditor General of India contains the observations of Performance Audit of National Projects for the period 2008-17.

In February 2008, the Government of India approved a Scheme of National Projects whereunder it identified 16 major water resource development and irrigation projects that were under the Accelerated Irrigation Benefits Programme (AIBP) but were languishing due to various constraints and hurdles including land acquisition, inter-State coordination, financial constraints and issues relating to rehabilitation and re-settlement of affected population. The poor implementation of the schemes was adversely impacting strategic national interests. Fundamental objective of the scheme was to ensure coordinated and focussed action to expedite their execution and ensure their early completion. A performance audit of the scheme brought out that this fundamental objective remained unachieved though an expenditure of ₹ 13,299.12 crore had been incurred on the five projects as of March 2017. Key facts and key findings on the scheme are as under:

Key Facts	
Number of National Projects	16
Projects under implementation	5
Commencement of five projects under implementation	1975-1983
Original cost estimate of the five projects	₹ 3,530 crore
Current cost estimate of the five projects	₹ 86,172.23 crore
Expenditure incurred on the five projects	₹ 13,299.12 crore
Envisaged Irrigation Potential from the five Projects	25.10 lakh Hectare
Envisaged Power generation from the five Projects	1,236.50 Mega Watt

Envisaged creation of reservoir capacity from the five Projects	5.412 Million Acre Feet
Envisaged drinking water from the five projects	672.585 Million Cubic Metre
Key Findings	
Shortfall in physical progress of the five projects	8 to 99 <i>per cent</i>
Cost escalation in the five projects	2,341 <i>per cent</i>
Irrigation Potential utilised from the five Projects	5.36 lakh Hectare (21 <i>per cent</i>)
Power generation from the National Projects	Nil
Creation of reservoir capacity from the Projects	0.53 Million Acre Feet
Drinking water from the National Projects	Nil
Additional cost due to insufficient survey work and resultant delays	₹ 903.67 crore
Additional cost due to inefficient Rehabilitation and Resettlement measures	₹ 1,414.26 crore
Financial implications of poor contract management	₹ 328.83 crore

Out of the 16 national projects, only five projects with estimated Irrigation Potential of 25.10 lakh Hectare were under implementation. In these five projects, 14.53 lakh hectare irrigation potential has been created but a mere 5.36 lakh hectare (37 *per cent*) irrigation potential is being utilised. The remaining 11 projects with estimated irrigation potential of 10.48 lakh hectare are yet to commence and are at different stages of approval. The five projects under implementation have not been able to reach a stage where the benefits of power generation, drinking water and reservoir creation can be delivered except creation of 0.53 Million Acre Feet storage in Gosikhurd project.

The execution of the projects was marked by administrative delays, non-adherence to codal provisions and rules stipulated in the relevant works manuals for execution of such works, poor contract management and lack of effective and timely monitoring. The cost escalation in the five projects before their inclusion in the scheme was ₹ 32,802 crore. However, since their inclusion as National Projects, two projects namely Indira Sagar Polavaram project and Gosikhurd project, have alone registered a cost escalation of ₹ 49,840 crore over the previous escalation. Remaining three projects have already overshoot their approved completion time and none of them is near completion.

The shortfall in terms of physical progress in different components of the project ranged from eight to 99 *percent* in the five projects under implementation along with an overall cost escalation of 2,341 *per cent* that threatened the economic viability of the projects. The tardy implementation and cost escalation was attributable to management failures and deficiencies in terms of non-adherence to codal provisions relating to survey and investigations that are essential ingredients for preparation of detailed project reports, ensuring statutory clearances for the project sites and administrative delays in land acquisitions, which resulted in additional cost of ₹ 903.67 crore. This was compounded by inefficient Rehabilitation and Resettlement measures that further hindered progress of the projects. This resulted in additional cost of ₹ 1,331.91 crore due to revisions in agreements and ₹ 82.35 crore on account of payment of interest arising from delayed payment of compensation.

Undue delay in processing of proposals, delay in obtaining statutory clearances, non-adherence to codal provisions and rules and poor contract management and enforcement also contributed to cost escalations and delays in execution. The failure of the project authorities to ensure compliance with and enforce contract terms led to non-recovery of ₹ 32.16 crore from defaulting contractors as well as cost escalation of ₹ 224.54 crore. The departmental authorities also released ₹ 72.13 crore to contractors over and above the agreement terms on the ground of urgency or to expedite works. Further, deviation from codal provisions and tender/agreement terms provided no assurance as to the transparency and objectivity of the process of selection of contractors, award of works and their execution.

In none of the five projects under implementation had any proposal for Command Area Development works been sent to Central Water Commission for approval (March 2017). In absence of *pari passu* implementation of Command Area Development works providing last mile connectivity through distributaries, irrigation potential would not be utilized, even if projects are completed.

Lastly, lack of adequate and effective monitoring and timely action to deal with breaches and damages to created infrastructure both contributed to the poor progress of works as well as inadequate maintenance of assets already created.