

CAG Audit Report Summary

National Projects of the Ministry of Water Resources

- The Comptroller and Auditor General (CAG) of India submitted its report on ‘National Projects of the Ministry of Water Resources, River Development and Ganga Rejuvenation’ on July 20, 2018. The audit was conducted for the period 2008-17. Key findings and recommendations of the CAG include:
 - **Underperformance of the scheme:** In February 2008, the government approved a scheme of national projects, under which it identified 16 major water resource development and irrigation projects. These projects were previously under the Accelerated Irrigation Benefits Programme. However, the progress of these projects had declined due to various factors. These include land acquisition, inter-state coordination, financial constraints, and issues relating to rehabilitation and re-settlement of the affected population. The scheme was aimed to ensure coordinated and focussed action to expedite the execution and completion of these 16 projects. The performance audit of the scheme has revealed that this objective of the scheme remains unachieved.
 - Of the 16 national projects, only five projects with an estimated irrigation potential of 25 lakh hectare are under implementation. Of this, 14.5 lakh hectare irrigation potential has been created, but only 5.3 lakh hectare (36.5%) is being utilised. The remaining 11 projects with an estimated irrigation potential of 10.4 lakh hectare are yet to commence.
 - **Delays in execution:** Execution of projects has been delayed due to administrative delays, non-adherence to rules, poor contract management, and lack of effective and timely monitoring.
 - To expedite the implementation of the scheme, the CAG has recommended that these projects may be taken up in a mission mode. Nodal officers may be designated at the central level to effectively monitor the progress of the projects under implementation. This would also remove bottlenecks in coordinating with state authorities.
 - **Financial over-runs:** The cost escalation in the five projects before their inclusion in the scheme was Rs 32,802 crore. However, since their inclusion under the scheme of national projects, two of these projects, Indira Sagar Polavaram project and Gosikhurd project, have together registered a cost escalation of Rs 49,840 crore over the previous escalation. The remaining three projects have already overshot their approved completion time and none of them is near completion. The overall cost of the five projects has been escalated by 2,341%.
 - To address the issue of cost escalation, the CAG has recommended that contract management should be streamlined. In addition, accountability should be fixed on project authorities for deficient contract management.
 - **Physical progress:** The shortfall in terms of physical progress in different components of the projects has ranged from 8% to 99%. Slow implementation has been attributed to: (i) management failures, (ii) non-adherence to provisions relating to surveys and investigations, (iii) obtaining statutory clearances for project sites, and (iv) administrative delays in land acquisitions.
 - **Command Area Development (CAD):** As of March 2017, none of the five projects under implementation had sent any proposal for CAD works to Central Water Commission (CWC) for approval. CAD works provide last mile connectivity through distributaries, and in the absence of their implementation, irrigation potential created through these projects cannot be utilised. In this regard, the CAG has recommended that the Ministry of Water Resources should ensure simultaneous implementation of CAD works with these projects. The Ministry may also ask the concerned states to submit their CAD proposals to the CWC at the earliest.
 - **Monitoring mechanisms:** Lack of adequate and effective monitoring has contributed to the poor progress of the completion of projects. The lack of timely action to deal with breaches and damages to created infrastructure has contributed to inadequate maintenance of created assets. The CAG has recommended strengthening the monitoring mechanisms with regular meetings between the Ministry and the state departments to identify obstructions in completing projects.

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