

THE ACCELERATED IRRIGATION BENEFITS  
PROGRAMME (AIBP)

MINISTRY OF JAL SHAKTI (DEPARTMENT OF WATER  
RESOURCES, RIVER DEVELOPMENT AND GANGA  
REJUVENATION)

PUBLIC ACCOUNTS COMMITTEE  
(2019-20)

FOURTEENTH REPORT

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SEVENTEENTH LOK SABHA



LOK SABHA SECRETARIAT  
NEW DELHI

PAC NO. 2195

# **FOURTEENTH REPORT**

## **PUBLIC ACCOUNTS COMMITTEE** **(2019-20)**

(SEVENTEENTH LOK SABHA)

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**MINISTRY OF JAL SHAKTI (DEPARTMENT OF WATER  
RESOURCES, RIVER DEVELOPMENT AND GANGA  
REJUVENATION)**



*Presented to Lok Sabha on:* .....

*Laid in Rajya Sabha on:* .....

**LOK SABHA SECRETARIAT  
NEW DELHI**

**March, 2020 /Chaitra, 1942 (Saka)**

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- II. Minutes of the Fourteenth sitting of the Public Accounts Committee (2019-20) held on 23-03-2020.

# COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

**Shri Adhir Ranjan Chowdhury - Chairperson**

## MEMBERS

### LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

### RAJYA SABHA

16. Shri Rajeev Chandrasekhar
17. Prof. M. V. Rajeev Gowda
18. Shri Naresh Gujral
19. Shri P. Bhattacharya\*
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

### SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri M.L.K Raja - Director
3. Shri U. C. Bhardwaj - Additional Director
4. Shri Alok Mani Tripathi - Deputy Secretary

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\* Elected w.e.f. 10 February, 2020 in lieu of vacancy caused due to resignation of Shri Bhubaneswar Kalita from Rajya Sabha on 05 August, 2019.

## INTRODUCTION

I, the Chairman, Public Accounts Committee (2019-20) having been authorised by the Committee, do present this Fourteenth Report (Seventeenth Lok Sabha) on '**Accelerated Irrigation Benefits Programme (AIBP)**' based on C&AG Report No. 22 of 2018 related to the Ministry of Jal Shakti (Department of Water Resources, River Development and Ganga Rejuvenation).

2. The above-mentioned Report of the Comptroller and Auditor General of India was laid on the Table of the House on 8<sup>th</sup> January, 2019.

3. The Public Accounts Committee (2019-20) took up the subject for detailed examination and report. The Committee took evidence of the representatives of the Ministry of Jal Shakti (Department of Water Resources, River Development and Ganga Rejuvenation) on the subject at their sitting held on 20<sup>th</sup> September, 2019. Accordingly, a Draft Report was prepared and placed before the Public Accounts Committee (2019-20) for their consideration. The Committee considered and adopted this Draft Report at their sitting held on 24<sup>th</sup> March, 2020. The Minutes of the Sittings are appended to the Report.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part- II of the Report.

5. The Committee would like to express their thanks to the representatives of the Ministry of Jal Shakti (Department of Water Resources, River Development and Ganga Rejuvenation) for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

6. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

NEW DELHI;  
March, 2020  
Chaitra, 1942 (*Saka*)

**ADHIR RANJAN CHOWDHURY**  
Chairperson  
Public Accounts Committee

# REPORT PART-I CHAPTER - I

## I. INTRODUCTORY

1. The Accelerated Irrigation Benefits Programme (AIBP) was launched during 1996-97 as a Central Assistance (CA) programme for accelerating the implementation of large projects which were beyond the resource capability of the States and completion of other irrigation projects which were at an advanced stage but were delayed due to resource constraints faced by State Governments. Initially, the primary goal of AIBP was to speed up completion of Major and Medium Irrigation (MMI) projects. The coverage under AIBP was gradually expanded over the years to include drought prone area of KBK districts of Odisha and Minor Irrigation (MI) scheme of special category States (SCS); Extension, Renovation, Modernisation (ERM) projects and MI schemes of special Areas (drought prone areas, tribal areas, desert areas, Flood prone areas) of non-SCS. Ministry of Jal Shakti, Department of Water Resources, River Development and Ganga Rejuvenation is responsible for framing policy guidelines for implementation while State Governments are primarily associated with planning and implementation of irrigation projects and schemes.

2. The C&AG undertook a performance audit of the AIBP and in its Report No. 22 of 2018, the C&AG came down particularly hard on the lackadaisical implementation of AIBP. The Performance audit of AIBP revealed several deficiencies in the planning, implementation and monitoring of the programme. Projects and schemes were included under AIBP in violation of the programme guidelines, resulting in irregular release of ₹ 3718.71 crore. Deficiencies in preparation and processing of detailed project reports (DPRs) such as inadequate surveys, inaccurate assessment of water availability, Irrigation Potential (IP) and Command Area, lack of activity wise construction plans, etc. and incorrect calculation of Cost Benefit Ratio of the projects led to modifications in design and scope of work and revision in cost estimates after commencement of work, also adversely affecting the schedule of implementation of the projects.

3. The executive summary of the audit report pointed out that financial management of AIBP was inefficient, as there were cases of non/short release of funds, delays in release of funds at various levels, releases at the fag end of the financial year and non-adjustment of unspent balances of funds in the subsequent releases. Utilisation Certificates for funds amounting to ₹ 2187.40 crores that constituted 37% of the total Central Assistance received by the State Agencies, were not submitted to the Ministry in time. Other financial irregularities such as diversion of funds, instances of short/non-realisation of revenues, tardy implementation of projects under AIBP, deficiencies in work management such as delays in award of work, splitting of works, undue benefits to contractors etc. and lax monitoring by Central and State Agencies were noted in the audit report.

4. The Public Accounts Committee had been reviewing the implementation of the "Accelerated Irrigation Benefits Programme" and aspects relating to critical issues

relating to AIBP for its non-performance. During the 15<sup>th</sup> Lok Sabha, the Public Accounts Committee (2010-2011) in their 31<sup>st</sup> Report on AIBP offered constructive recommendations. The present report is both a review of the implementation of AIBP hitherto and a candid progress report of the implementation of the recommendations of PAC in their earlier reports.

5. During the course of the examination of the subject, the Committee took evidence of the representatives of Ministry of Jal Shakti, River Development and Ganga Rejuvenation and also interacted with representatives of C&AG over its Report No. 20 of 2018. Apart from oral testimony of the witnesses, the Committee obtained background documents from the Ministry of Jal Shakti, River Development and Ganga Rejuvenation which were examined and where further clarifications were needed, post evidence clarification/replies thereto were also obtained from the Ministry.

6. The Committee's examination of the subject, "Accelerated Irrigation Benefits Programme" *inter-alia* include (i) inclusion of projects under the scheme (ii) dilution in the focus and objectives of the programme (iii) inefficient fiscal management of the AIBP (iv) delay in implementation of AIBP resulting in time and cost overrun (v) deficiencies in work management and undue benefits to contractors and (vi) inefficient and lax monitoring both by Centre and States. The views of the Ministry and related aspects have been dealt with in the succeeding paragraphs in Part - I of this Report, whereas the observations/Recommendations have been included in Part - II of the Report.

## CHAPTER - II

### INCLUSION OF PROJECTS UNDER AIBP

7. Irrigation is a State subject and the role of the Government of India (GOI) in this sector primarily focuses on overall planning, policy formulation, co-ordination and guidance. The irrigation requirements of the country are met through various modes of irrigation including Major, Medium Irrigation (MMI) projects and Minor Irrigation (MI) schemes. The Accelerated irrigation Benefits Programme (AIBP) was launched during 1996-97 as a Central Assistance Programme for accelerating the implementation of large projects which were beyond the resource capability of the States and completion of other irrigation projects which were at an advanced state but were delayed due to resource constraints faced by State Governments. However, the scope of the programme was, thereafter, expanded from time to time to cover MI schemes in Special Category States (North Eastern States and Hilly States) and in specified areas of other States.

8. From October 2013 onwards, additional emphasis was placed on *pari-passu* implementation of Command Area Development (CAD) works for increasing utilisation of irrigation Potential (IP). During 2015-16, AIBP was made one of the four components of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) with focus on faster completion of on-going MMI projects including National Projects. MI Schemes were made a part of the separate component of PMKSY- Har Khet Ko Pani.

9. The Committee specifically wanted to know the eligibility criterion and norms for inclusion of Projects and schemes under AIBP. To this query, the Ministry of Jal Shakti in their written reply submitted as under:-

"Major and Medium Irrigation Projects (A) having investment clearance of Planning Commission, (B) are in advanced stage of construction and can be completed in the next four financial years can be considered for inclusion. Components of the Projects not receiving any other form of financial assistance can also be considered for inclusion. New Project\* could also be included under AIBP on completion of an ongoing Project on one to one basis (hereafter called as 1:1 criteria) except for Projects benefiting (a) drought-prone areas (DPAP areas) & Desert Prone Area (DDP areas); (b) tribal areas<sup>†</sup>; (c) States with lower Irrigation development as compared to national average; and (d) districts identified under the PM's package for agrarian distress district. All the Projects have to fulfill condition as at (A) and (B) above including the Projects proposed by relaxation of 1:1 criteria.

The advanced stage of construction would imply that:

- At least 50% of latest approved estimated Project cost has already been incurred and

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\* a Project which is ongoing but not yet included in AIBP

† a Project will be said to be benefitting a tribal area, if the area benefitted is within scheduled area under schedule V of the Constitution of India.

- At least 50% of physical progress of essential works<sup>‡</sup> of the Project has taken place; and

The proposal of the State for inclusion of Project under AIBP must be supported by a credible construction schedule indicating the works already executed and works to be executed along with their costs.

While processing the release proposal for central assistance under AIBP, work component commensurate to work related to land under possession viz-a-viz annual progress of work will be considered.

The construction planning of the Projects would be such that the AIBP works for creation of Irrigation potential and the Command Area Development (CAD) works for utilization of Irrigation potential are taken up simultaneously in case of new Projects. However, in case of Projects already included in AIBP prior to April 2013 and receiving central assistance:

- If CAD works are already taken up, then construction planning for CAD works to be reviewed and modified by Project authorities such that CAD works are completed within six months to one year of the completion of works under AIBP.
- If CAD works are not started, then, taking up the CAD works with the target to complete *pari passu* (with a maximum of one year relaxation) so as to complete with the works under AIBP.

**Extension/Renovation and Modernization Projects (ERM):** The Major/Medium ERM Projects (a) having investment clearance of Planning Commission (b) Projects already completed and commissioned at least 10 years earlier from the proposed year of inclusion in AIBP, i.e., for current year Projects completed before 2002-03 will qualify for inclusion. Inclusion may be permitted in the States/Projects:

- Which have agreed to reform in water sector i.e. to implement Micro Irrigation in at least 10% of command area.

OR

- Which have enacted Participatory Irrigation Management legislation and active working of Water User Association to maintain the system and collecting water cess.

OR

- Where new potential is also envisaged along with restoration of lost potential.

OR

- CAD works have been completed or taken up and likely to be completed.

All the ERM Projects have to fulfill condition as at (a) and (b) above at the time of inclusion in AIBP.

Apart from the above, for inclusion of an ERM Project in AIBP, the criteria of advanced stage of construction as at 1.1.1 above should also be satisfied. The stipulation given at para 1.1.3 above regarding CAD will also to be followed by ERM Projects.

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<sup>‡</sup> Essential works on- head works, earth works for canal, Land Acquisition R&R activities for reservoir area for enabling adequate storage to cover the command area being proposed now, finalization of designs and availability of construction drawings matching with completion of work as per award of work.

During 2016-17, 99 ongoing projects under PMKSY-AIBP were prioritized for completion in phases and funding arrangement for the same for both Central Assistance (CA) and State share were made through NABARD under Long Term Irrigation Fund (LTIF). As per presently approved scheme, there is no scope for inclusion of any new scheme".

10. When the Committee asked about the major source of funding of the Accelerated Irrigation Benefits Programme and the checks and balances on the funding and expenditure under AIBP, the Ministry of Jal Shakti in their written reply submitted as under:-

"Earlier CA was provided through budgetary resources. However, at present, Central Assistance to AIBP projects is being funded through borrowing under Long term Irrigation Fund (LTIF) from NABARD. Further, State Share component of AIBP Project are being funded by State Govt. through their own budget or borrowing under LTIF from NABARD as per year wise requirements. State Share is being provided to States at the rate of 6% per annum so as to make it attractive for the States and encourage them to raise requisite State Share for early completion of the Projects. The interest cost above 6% is being borne by the Central Govt. Checks and Balances. As mentioned at para 4 of AIBP guidelines, 2013, State Governments are to provide Utilisation Certificates in respect of total expenditure (State share + Central Share) incurred on 31st March of the Financial Year of the funding."

11. Giving further details regarding the monitoring of the funds thus released, the Ministry in their written reply elaborated as under:-

"The Utilization Certificate is issued by the Chief Engineer of the Project and countersigned by Secretary (Water Resources/Irrigation) of the State Government. The Utilization Certificate contains physical achievement of Irrigation Potential and financial progress/expenditure as agreed to in the MoU on year to year basis.

The States are required to submit audited Statements of expenditure incurred within nine months of the completion of the financial year. Concurrent evaluation of the Project by State Government is required to be taken up by the concerned State Govt. at the end of each Financial Year during the period of funding.

All major and medium Projects where funds have been released in the previous year are monitored once in a year by concerned field office of CWC. The CWC (HQ) monitors inter-State Projects.

However, after prioritization of 99 projects during 2016-17, third party monitoring is also being carried out through Project Monitoring Unit (PMU)".

12. To the query about the frequent revision of norms for inclusion in AIBP, the Ministry of Jal Shakti in their written reply furnished as under:-

"The guidelines of AIBP have been revised from time to time as per the emerging needs, requirement of widening of the scope for special consideration of the regions lagging behind in development such as north-eastern States, hilly States,

drought prone and tribal areas, KBK districts of Odisha, States with lower irrigation development as compared to national average and districts identified under PM package for agrarian distress in the States of Andhra Pradesh, Maharashtra, Karnataka and Kerala etc. Further, AIBP Guidelines were modified from time to time to simplify the procedure. The modifications made in guidelines in respect of inclusion of projects from time to time are given below:-

The criteria for inclusion of a Project since inception of AIBP at various Revision stages are as follows:

Year	Basic Criteria for selection of the projects as per Guidelines
1996-97	<p>(a) Irrigation and Multipurpose projects costing more than Rs.1000 crore where substantial progress has been made and, which are beyond the resources capabilities of the States; and (b) Major and Medium irrigation projects, excluding the category in (a) above, which are in advanced stage of completion, where with just a little additional resources the project could be completed so that farmers could get the benefit of assured water supply.</p>
1997-98	<p>A-General (i) Eligible Projects covered under the programme during previous years will get preference over new projects proposed for inclusion during current year.</p> <p>(ii) To avoid thin spreading of resources the states will be advised to concentrate only on few promising projects.</p> <p>(iii) Only those projects will be considered which have the Investment Clearance from the Planning Commission.</p> <p>(iv) The Projects which are already receiving assistance from domestic agencies such as NABARD shall not be eligible for assistance under the programme. However, the components of such projects which are not covered under such assistance may be considered for inclusion under the programme.</p> <p>(v) On large projects, assistance will be given for their phased completion so that benefits could start flowing early with comparatively smaller investments.</p> <p>(vi) Minor Irrigation Projects are not eligible for assistance under AIBP.</p> <p>(vii) Projects benefitting tribal/ drought prone areas would be given due preference, provided they are otherwise eligible.</p> <p>(viii) Priority will be given to inter-state projects. All party states will be eligible for assistance under the programme individually.</p> <p>(ix) Projects with larger irrigated area per unit of additional investment will be preferred.</p> <p>B. Classification of Projects</p>

	<p>(x) Rs.500 cr. Criteria : Projects or components thereof, costing Rs.500 crores or more on which substantial investment have been made. However, projects on which more than 50% of the estimated expenditure has already been incurred shall get higher priority. Other cases only if funds are available after meeting the demands of priority projects.</p> <p>(xi) Advanced Stage: Projects which are in advance stage of completion and could be completed in the next four agricultural seasons i.e. in a period of about two years irrespective of total estimated cost.</p>
1999-2000	<p>General (i) Only major/medium irrigation projects which are in advanced stage of construction will be considered for inclusion under the programme. However, Irrigation Projects benefitting KBK districts of Orissa in initial stages of construction will be included. (ii) Eligible Projects covered under the programme during previous years will get preference over new projects proposed for inclusion during current year.</p> <p>(iii) To avoid thin spreading of resources the states will be advised to concentrate only on few promising projects. (iv) Only those projects will be considered which have the Investment Clearance from the Planning Commission. (v) The Projects which are already receiving assistance from domestic agencies such as NABARD will not be eligible for assistance under the programme. However, the components of such projects which are not covered under such assistance may be considered for inclusion under the programme.</p> <p>(vi) On large projects, assistance will be given for their phased completion so that benefits could start flowing early with comparatively smaller investments.</p> <p>(vii) Minor Irrigation Projects are not eligible for assistance under AIBP. However, Minor surface Irrigation Schemes (both new as well as ongoing) of States of North East, Hilly States (H.P., Sikkim &amp; J&amp;K) and draught prone KBK districts of Orissa which are approved by State (TAC) will be eligible under the programme.</p> <p>(viii) Projects benefitting tribal/ draught prone areas would be given due preference provided they are otherwise eligible.</p> <p>(ix) Priority will be given to inter-state projects. All party states will be eligible for assistance under the programme individually. (x) Projects with larger irrigated area per unit of</p>

	<p>additional investment will be preferred. CLASSIFICATION OF PROJECTS Following two categories of projects will be eligible for assistance:-</p> <p>(i) Projects or components thereof costing Rs.500 crores or more on which substantial investment have been made. However, projects on which more than 50% of the estimated expenditure has already been incurred shall get higher priority. Other cases only if funds are available after meeting the demands of priority projects. (ii) Projects which are in advance stage of completion and could be completed in the next four agricultural seasons i.e. in a period of about two years irrespective of total estimated cost.</p>
2001-2002	<p>(i) Only major/medium irrigation projects which are in advanced stage of construction and Surface Minor Irrigation scheme in special category States will be considered for inclusion under the programme. However, Major/ medium Irrigation Projects benefitting KBK districts of Orissa in initial stages of construction will be included.</p> <p>(ii) Eligible Projects covered under the programme during previous years will get preference over new projects proposed for inclusion during current year.</p> <p>(iii) To avoid thin spreading of resources, the States have to concentrate only on few promising projects.</p> <p>(iv) Only those major/ medium projects will be considered which have the Investment Clearance from the Planning Commission.</p> <p>(v) The Projects which are already receiving assistance from external/ domestic agencies such as NABARD will not be eligible for Central Loan Assistance (CLA) under the programme. However, the components of such projects which are not covered under such assistance may be considered for inclusion under the programme.</p> <p>(vi) On large projects, assistance will be given for their phased completion so that benefits could start flowing early with comparatively smaller investments.</p> <p>(vii) Projects benefitting tribal/ draught prone areas would be given due preference provided they are otherwise eligible.</p> <p>(viii) Priority will be given to inter-state projects. All party states will be eligible for assistance under the programme individually.</p> <p>(ix) Projects with larger irrigated area per unit of additional</p>

	<p>investment will be preferred. B Classification of Projects</p> <p>Following categories of projects will be eligible for assistance:- (i) Approved projects or components thereof costing Rs.500 crores or more on which substantial investment has been made. However, projects on which more than 50% of the estimated expenditure has already been incurred shall get higher priority. Other cases will be considered only if funds are available after meeting the demands of priority projects.</p> <p>(ii) Approved Projects which are in advance stage of completion and could be completed in the next four agricultural seasons i.e. in a period of about two years irrespective of total estimated cost.</p> <p>(iii) Minor Irrigation Projects in General Category States are not eligible for CLA under AIBP. However, Minor Surface Irrigation Schemes (both new as well as on going) of States of North-East, Hilly States (H.P., Sikkim, J&amp;K and Uttaranchal) and drought prone KBK districts of Orissa which are approved by State TAC will be eligible under the programme. However, the State Government should submit only those proposals where the individual schemes are benefitting irrigation potential of at least 20ha. And group of schemes (within a radius of 5 kms.) benefitting total ultimate irrigation potential of at least 50 ha. The proposed MI schemes should have benefit cost ratio of more than 1 and the development cost of these schemes per ha. Should not exceed Rs.1 laks. FAST TRACK PROGRAMME: (i) Only the approved major &amp; Medium irrigation projects which can be completed in one year (two working seasons) will be included under this programme. (ii) The projects will be fully funded by the Centre by providing 100% loan. State Governments should however, confirm full budget outlay in State Plan. (iii) Establishment expenditure of the projects getting CLA under Fast Track Programme has to be entirely borne by the States. (iv) The releases will be made in 2 installments of 50% each. (v) The progress of works will be closely monitored by the Central Water Commission with special reference to quality control and the release of second installment will be based on the recommendation of the CWC. (vi) State Government will give a memorandum of understanding between the Ministry of Water Resources, Government of India and the concerned State Government.</p>
2004	(i) Only major/medium irrigation projects which are in advanced stage of construction and could be completed in the next 6-8 working seasons i.e. in about 3-4 years will be considered for

inclusion under the Programme. However, Major/ Medium Irrigation Projects benefitting KBK districts of Orissa in initial stages of construction will be included. State govts. Will be required to enter into a MoU (annexure-I) for each individual project under the programme with MOWR indicating balance cost, balance potential, year-wise phasing of expenditure and agreement to complete the project in 6-8 seasons with target of completion date. (ii) To avoid thin spreading of resources, the States have to concentrate only on few promising projects. Eligible projects covered under the programme during previous years will get preference over new projects proposed for inclusion during current year. Inclusion of new proposals will be done only against completed projects. (iii) Only those major/ medium projects will be considered which have the Investment Clearance from the Planning Commission. (iv) The Projects which are already receiving assistance from external/ domestic agencies such as NABARD will not be eligible for Central Loan Assistance (CLA) under the programme. However, the components of such projects which are not covered under such assistance may be considered for inclusion under the programme. MoU on the lines indicated in item (A)i) will be required in this case also. (v) On large projects, assistance will be given for their phased completion so that benefits could start flowing early with comparatively smaller investments. However, projects on which more than 50% of the estimated expenditure has already been incurred shall get higher priority. Other cases will be considered only if funds are available after meeting the demands of priority projects. (vi) Projects benefitting tribal/ draught prone areas would be given due preference provided they are otherwise eligible.

(vii) Priority will be given to inter-state projects. All party states will be eligible for assistance under the programme individually.

(ix) Projects with larger irrigated area per unit of additional investment will be preferred.

D. Special Provision for Fast Track Programme: (i) Only the approved major & Medium irrigation projects which can be completed in three working seasons will be included in under Fast Track. (ii) The projects will be fully funded by the Centre by providing 70% loan and 30% grant for non-Special Category States and 90% grant and 10% loan for Special Category States. State Governments should however, confirm full budget outlay in State Plan. (iii) Establishment expenditure of the projects getting CLA under Fast Track Programme has to be entirely borne by the States. (iv) The releases will be made in 2 installments of 50% each. (v) The progress of works will be closely monitored by the Central Water Commission with special reference to quality control and the release of second installment will be based on the

	<p>recommendation of the CWC. (vi) State Government will give a memorandum of understanding between the Ministry of Water Resources, Government of India and the concerned State Government.</p>
2005	<p>1. Only approved major and medium irrigation projects i.e. projects which have been accorded investment approval by the Planning Commission, which are in an advanced stage of construction and can be completed in the next four (4) financial years and which are not receiving any other form of assistance (NABARD, external aid, etc.) can be considered for inclusion in the programme. Components of projects not receiving other assistance can also be included under the programme. To avoid thin spreading of resources, State Governments will have to concentrate only on a few promising projects.</p> <p>2. Only on completion of one project under the programme, inclusion of another project will be considered. However, Fast Track Projects and pre Fifth and Fifth Plan projects can be included under this programme without this stipulation. 3. For the KBK districts of Orissa, projects even in the initial stage of construction can be included.</p> <p>4. The following categories of projects will get priority for inclusion in the programme:</p> <p>(i) projects benefitting tribal/ drought prone areas (ii) inter State projects (All party States will be eligible individually for assistance). (iii) Projects with larger irrigated area per unit of additional investment.</p> <p>5. For large projects, assistance will be given for their phased completion so that additional benefits can start flowing early. Projects on which more than 50% of the estimated cost has been incurred will be given priority</p> <p>6. Extension, Renovation, Modernisation (ERM) projects can be included subject to following conditions: (a) Can be permitted in States which have no major or medium projects to pose under AIBP and have thus not been availing AIBP. (b) can be permitted: (i) in States which have agreed to reform in water sector i.e. step up water rates to enable meeting full O&amp;M cost over 5 years. (So far only Gujarat, Maharashtra, Madhya Pradesh, Rajasthan, Orissa and Jharkhand have signed MoU). OR (ii) in States which have enacted Participatory Irrigation Management legislation. OR (iii) for ERM projects where new potential is also envisaged with water saved and not merely restoration of lost potential. To ensure that funds do not flow only to ERM projects, not more than 10% of aggregate annual allocation under AIBP will be for ERM and 90% will thus be for completion of major and medium projects.</p>

	<p>7. State Governments will be required to enter into a MoU with the MoWR for each individual project under the programme indicating balance cost, balance potential, year-wise phasing of expenditure and balance potential and agreement to complete the project in 4 financial years with target completion date.</p>
2006	<p>1. Major, medium and Extension, Renovation &amp; Modernization (ERM) irrigation projects (a) having investment clearance of Planning Commission(b) are in advanced stage of construction and can be completed in the next four financial year (c) are not receiving any other form of financial assistance can be considered for inclusion in the programme. Components of the projects not receiving any other form of financial assistance can also be considered for inclusion in the programme. The eligibility criteria as per prevailing guidelines for selection of ERM project will continue. New project could be included in programme only on completion of an ongoing project under AIBP on one to one basis Except FOR projects benefitting (a) drought-prone areas; (b) tribal areas; (c) states with lower irrigation development as compared to national average; and (d) districts identified under the PM's package for agrarian distress districts. 2. Surface minor irrigation (MI) schemes (Both new as well as ongoing) of states of North-East, Hilly States (Himachal Pradesh, Sikkim, Jammu and Kashmir and Uttaranchal) and drought prone KBK districts of Orissa which are approved by State TAC/ State Planning Department will be eligible for assistance under the programme provided that (i) individual schemes are benefitting irrigation potential of at least 20 ha. and group of schemes (within a radius of 5 km) benefitting total ultimate irrigation potential of at least 50 ha. (iii) proposed MI schemes have benefit cost ratio of more than 1 and (iv) the development cost of these schemes per ha. Is less than Rs.1.00 lakh. For Non-special category states, only those minor irrigation schemes with potential more than 50 hectare which serve tribal areas and drought prone areas could be included under AIBP. The schemes to be taken up will be decided in consultation with Planning Commission.</p>
2013	<p>1.1 Ongoing Major and Medium Projects: Major and medium irrigation projects (a) having investment clearance of Planning Commission(b) are in advanced stage of construction and can be completed in the next four financial year can be considered for inclusion. Components of the projects not receiving any other form of financial assistance can also be considered for inclusion. New project could also be included under AIBP on completion of an ongoing project on one to one basis (hereafter called as 1:1 criteria) except for projects benefitting (a) drought-prone areas (DPAP areas) &amp; Desert Prone Area (DDP areas); (b) tribal areas; (c) States with lower irrigation development as compared to</p>

national average; and (d) districts identified under the PM's package for agrarian distress districts. All the projects have to fulfill conditions as at (a) and (b) above including the projects proposed by relaxation 1:1 criteria.

1.1.1. The advanced stage of construction would imply that at least 50% of latest approved estimated project cost already incurred and at least 50% of physical progress of essential works of the project has taken place; and the proposal of the State for inclusion of project under AIBP must be supported by a credible construction schedule indicating the works already executed and works to be executed along with their costs.

1.1.2 While processing the release proposal for central assistance under AIBP work component commensurate to work related to land under possession viz-a-viz annual progress of work will be considered.

1.1.3 The construction planning of the projects would be such that the AIBP works for creation of irrigation potential and the Command Area Development (CAD) works for utilization of irrigation potential are taken up simultaneously in case of new projects. However, in case of projects already included in AIBP prior to April 2013 and receiving central assistance. i. If CAD works already taken up, then construction planning for CAD works to be reviewed and modified by project authorities such that CAD works are completed within six months to one year of the completion of works under AIBP. ii. If CAD works are not started, then taking up the CAD works with the target to complete parri passu (with a maximum of one year relaxation) so as to complete with the works under AIBP. 1.2 Extension/ Renovation and Modernisation Projects (ERM): The Major/ Medium ERM Projects (a) having investment clearance of Planning Commission (b) Projects already completed and commissioned at least 10 years earlier from the proposed year of inclusion in AIBP, i.e. for current year projects completed before 2002-03 will qualify for inclusion. Inclusion may be permitted in the states/ projects: (i) Which have agreed to reform in water sector i.e. the implement Micro Irrigation in at least 10% of command area. OR (ii) Which have enacted participatory Irrigation Management legislation and active working of Water User Association to maintain the system and collecting water cess. OR (iii) Where new potential is also envisaged along with restoration of lost potential. OR (iv) CAD works have been completed or taken up and likely to be completed. All the ERM projects have to fulfill condition as at (a) and (b) above at the time of inclusion in AIBP. Apart from the above, inclusion of an ERM project in AIBP, the criteria of advanced stage of construction as at 1.1.1 above should also be satisfied. The stipulation given at para 1.1.3 above regarding CAD will also to be followed by ERM projects. 1.3 Surface Minor

	<p>Irrigation (MI) schemes Surface minor irrigation (MI) schemes (Both new as well as ongoing) of Special category States - North-Eastern States, Hilly States (Himachal Pradesh, Jammu and Kashmir and Uttaranchal) and drought prone undivided Koraput, Bolangir and Kalahandi (KBK) districts of Odisha which are approved by State TAC will be eligible for assistance under the programme provided that (i) individual schemes having culturable Command Area (CCA) of 10 hectare and cluster of MI schemes within radius of 5KM having CCA of 20 hectare (ii) proposed MI schemes have benefit cost ratio of more than 1 and (iii) the development cost per hectare of CCA of individual scheme is less than Rs.2.5 lakh. For Non-special category states, the individual surface minor irrigation schemes having CCA of 20 hectare and cluster of MI schemes within radius of 5 KM having total CCA of 50 hectare benefitting tribal areas, drought prone areas, desert prone areas and Left Wing Extremists Affected area will be eligible for assistance under AIBP.</p>
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13. The C&AG in its Report No. 4 of 2010-11 had highlighted that frequent modifications in AIBP guidelines (1997, 1999, 2005 and 2006) showed lack of clarity in the focus, approach and objectives of AIBP. Audit examination has revealed that the guidelines have been frequently modified from time to time viz., in 2013 , 2015 and 2016.

14. When asked to furnish the response to the Audit observations that nine (9) ERM Projects were included under AIBP during 2005-12 in violation of conditions stipulated in AIBP Guidelines, the Ministry of Jal Shakti, Department of River Development & Ganga Rejuvenation in their written reply furnished the guidelines of 2005 for inclusion of ERM projects as under:-

"Extension, Renovation, Modernisation (ERM) projects can be included subject to following conditions:

(a) Can be permitted in States which have no major or medium projects to pose under AIBP and have thus not been availing AIBP.

(b) can be permitted:

(i) in States which have agreed to reform in water sector i.e. step up water rates to enable meeting full O&M cost over 5 years. (So far only Gujarat, Maharashtra, Madhya Pradesh, Rajasthan, Orissa and Jharkhand have signed MoU).

OR

(ii) in States which have enacted Participatory Irrigation Management legislation.

OR

(iii) for ERM projects where new potential is also envisaged with water saved and not merely restoration of lost potential.

To ensure that funds do not flow only to ERM projects, not more than 10% of aggregate annual allocation under AIBP will be for ERM and 90% will thus be for completion of major and medium projects.

In AIBP Guidelines of 2006 it is mentioned that the eligibility criteria as per prevailing guidelines of 2005 for selection of ERM project will continue. New project could be included in programme only on completion of an ongoing project under AIBP on one to one basis except for projects benefitting (a) drought-prone areas; (b) tribal areas; (c) states with lower irrigation development as compared to national average; and (d) districts identified under the PM's package for agrarian distress districts.

#### Status for ERM Projects mentioned in Audit Report

(i) Chitoorpuzha (Kerala) : This ERM Project was included under AIBP during 2009- 10 as per para 6B of AIBP guidelines 2005 as it envisaged to create new irrigation potential. This project was under PM's package and is free from one to one stipulation for its inclusion under AIBP as per AIBP guideline of 2006.

(ii) Restoration–Bhimasamudra Tank (Karnataka) :- The scheme is included under AIBP during 2009-10 as per para 6B of AIBP guidelines 2005 as it envisaged to create new irrigation potential of 2530 ha. This project was under PM's package and is free from one to one stipulation for its inclusion under AIBP as per AIBP guideline of 2006.

(iii) Modernization of Dadi Canal (J&K) :- The project was included under AIBP during 2006-2007 against the completed scheme of modernization of Zaigir canal. The project was included for cumulative creation of 4650.13 ha of Irrigation Potential against created irrigation potential of 2573.36 ha.

(iv) Modernization of Ahji canal (J&K):- The project was included under AIBP against the completed project Igo-Phey Irrigation Project in District Leh. The scheme was included under AIBP in 2007-08 for creation of 8315.90 ha of Irrigation Potential against created irrigation potential of 6896.12 ha.

(v) Kandi canal (J&K) : It was mentioned as ERM project in report of C&AG. However, it is a medium project and not an ERM. This project envisages for providing ultimate irrigation potential of 3229 ha. This project is included in AIBP as this benefit drought prone area.

(vi) Restoration and Modernization of Main Ravi Canal (J&K): This Project is included in AIBP during 2011-12 as per 6B (i) of AIBP guidelines 2005 and AIBP guideline 2006. This scheme has been included against the Mav Khul Project which has since been completed under AIBP. As the Government of J&K had passed J&K Water Resources (Regulation and Management ) Act 2010 initiating reforms in the irrigation sector .

(vii) Modernization of Lachura Dam (U.P.) :- The scheme is included under AIBP during 2005-06 as per para 6B of AIBP guidelines 2005 as it create new irrigation potential of 61016 ha.

(viii) Restoration of Sardar Sahyok Canal System (U.P.): - The scheme is included under AIBP during 2009-10 as per para 6B of AIBP guidelines 2005 as it create new irrigation potential of 7.9 Lakh Ha. (IX) Hardoi (UP): Union cabinet in it's meeting held on 16-11-2006 has approved inclusion of this scheme."

15. Audit in their report has noted that 30 MMI projects that were included in AIBP were in violation of the norms and criteria prescribed in the guidelines. In one instance, Audit has noted that nine ERM projects with a total sanctioned cost of ₹ 1016.02 crore were included under AIBP during 2005-12 in violation of conditions stipulated in AIBP guidelines. Audit has further noted that an amount of ₹ 239.46 crores had been released against these nine ERM projects. Ministry's explanation (February 2018) that the guidelines allow inclusion of ERMs where new potential is envisaged is not tenable as for inclusion in AIBP, the primary requirement that the State should not have any ongoing MMI project is to be met first.

### CHAPTER III

#### DILUTION IN THE FOCUS AND OBJECTIVES OF THE PROGRAMME - CASE OF RONGAI VALLEY PROJECT

16. As per CWC Guidelines for submission, appraisal and clearance of irrigation and multipurpose projects, DPRs submitted by State governments are subjected to techno-economic scrutiny by CWC, which has to complete the appraisal within a maximum time of 38 weeks. Further, block-wise information of Command Area is also required to be furnished for each project.

17. The Public Accounts Committee in its 68<sup>th</sup> Report during 15<sup>th</sup> Lok Sabha recommended that DPRs must be insisted on for all minor irrigation projects as in the case of minor and medium projects, and concept papers on simple project proposals should not be treated as sufficient. AIBP guidelines also require that MI schemes should be Technically appraised by State TAC on the basis of DPRs and after their approval, submitted to the Ministry for inclusion under AIBP. Audit has further noted that in the case of 14 sampled MMI projects pertaining to seven States including three Priority 1 projects with overall sanctioned cost of ₹ 10,550.91 crore, DPRs were not made available to audit.

18. When asked to elaborate the activities mandatorily required to be carried out by State Governments for preparing a detailed project Report (DPR), the Ministry of Jal Shakti, Department of River Development and Ganga Rejuvenation, in their written reply stated that according to the guidelines for preparation of DPRs of Irrigation & Multi-purpose Projects 2010, the State Governments/Project Authorities are required to study/carry out the following activities before preparation of DPRs. Study for:- Overall planning of the project, Allocation of water among co-basin states/ neighboring countries allocated by any agreement or tribunal decision, etc. Surveys for:- River, Reservoir, Head Works, Canals, Canal structures, Power house, Tunnels, Command areas, Land acquisitions & Resettlement of project affected persons etc. and Construction material survey to assess the availability of suitable construction material for the project. Investigations:- Geological investigations for assessment of suitability of site reservoirs, dam etc., Seismic Investigations and Foundation investigations for dam, barrage/weir/head-regulator, power house, etc. Technical aspects:- Hydrological studies for assessment of water availability; Design of Civil Structures; Irrigation Planning; Power Potential Studies, if applicable; Construction planning/Scheduling; Cost Estimates and BC Ratio Environmental & other aspects; Ecological aspects; Soil conservation aspects. These activities are enumerated in detail as Check-list in the MoWR "Guidelines for Preparation of DPR of Irrigation and Multipurpose Projects 2010" and are enclosed as Annexure 10. It is pertinent to mention here that CWC "Guidelines for Submission, Appraisal and Acceptance of Irrigation and Multipurpose Projects 2017" also prescribe certain Check-lists for Pre-feasibility Report/PPR/Concept Note and DPR which are enclosed as Annexure 11 and Annexure 12 respectively and are self explanatory. It may also be noted that in the recently developed e-PAMS (i.e. web enabled Project Appraisal Management System), these Check-lists are provided at

appropriate places in a simple and user-friendly manner for the information and guidance of the project authorities.

19. Responding to the audit observation of deficiencies in preparation and processing of detailed project Reports (DPRs) such as inadequate surveys, inaccurate assessment of water availability, Irrigation Potential (IP) and Command Area, Lack of activity wise construction plan etc. and incorrect calculation of benefit cost ratio of the projects, the Ministry in their background note had furnished as under:

"Water being a State subject, planning, survey and investigations and preparation of DPR of the water resources projects is done by the States from its resources as per their priorities. In order to supplement the efforts, Department of Water Resources, River Development and Ganga Rejuvenation (MoWR, RD & GR) provides financial assistance to State Governments to encourage sustainable development and efficient management of water resources through various schemes. The Detailed Project Report (DPR) of Irrigation & Multipurpose Projects is to be prepared by the State Government/Project Authority as per the "Guidelines for Preparation of Detailed Project Reports of Irrigation & Multipurpose Projects" issued by MoWR, RD & GR for techno-economic acceptance. State Government has to obtain concurrence from State Finance Department for the finalized cost. The DPR of the project is, thereafter examined and recommended for acceptance by Advisory Committee of MoWR, RD & GR. The overall planning, hydrology, irrigation planning, inter-state matters, Benefit cost Ratio and design parameters of project are examined in CWC and while appraising CWC ensure that the data used for preparation of DPRs are updated, reliable, accurate and based on proper survey and investigation work as per Guidelines. B.C. ration is finally firmed up by CWC and due procedure is followed by CWC as per Guidelines for Preparation of Detailed Project Reports of Irrigation & Multipurpose Projects issued by MoWR, RD & GR. Sometimes changes in design or layout are necessitated due to geological surprises during the construction, LA & RR issues etc. Further, sometimes revision in design & Scope of project is necessitated by the concerned State Governments due to their own requirement and priorities. Further, as the project progresses, some changes in CCA/Command area generally happen to meet the aspirations of people along the route of canals/distribution network. Sometimes depending upon requirements, some areas are dropped and some are added keeping overall command area around same."

20. Asked to furnish the reasons for continuous violation of the CWC guidelines on submission of DPRs, despite the same being reported in previous 68<sup>th</sup> PAC report of 15<sup>th</sup> Lok Sabha, the Ministry in their written reply stated that for appraisal of proposal of irrigation and multipurpose Projects, two stage process i.e. examination of PFR and DPR is being followed. Once PFR is approved, then only detailed project reports are prepared and submitted for approval. In accordance with Guidelines for Submission, Appraisal and Acceptance of Irrigation and Multipurpose Projects 2017, a consultative process is being followed wherein State Govt. prepares DPRs in consultation with specialized Directorates of CWC. Project authority interacts with specialized directorates of CWC for advice on specific issues like hydrology, irrigation planning,

inter-State matters, civil design, cost estimation, etc. The consultative process followed in preparation of DPR ensures that there are no major deviations from the CWC Guidelines in the DPR thus prepared. Techno-economic appraisal of DPRs submitted by State Govt./Project authority is being done by CWC through its specialized Directorates dealing with technical and cost/economic aspects and other concerned central departments like CSMRS, CGWB, CEA, DoWR, RD & WR etc. If deficiencies are found during the process of examination of DPR, the same are conveyed to the project authority/state govt. for needful compliance. On finalisation of cost estimate of the project, Benefit Cost Ratio (B.C.R.) is worked out as per standard procedure specified under the Guidelines of CWC/MoWR. After all the aspects are examined and accepted, Statutory Clearances are obtained from concerned ministry and state finance concurrence is obtained from State Finance Department for finalized cost. Thereafter, a note for Advisory Committee is prepared and after approval of the same from Member (WP&P), it is circulated to members of Advisory Committee (composition of Advisory Committee is given in Annexure 13. Meeting of the Advisory Committee is convened and the note is put up for its consideration. The Committee after satisfying itself regarding techno-economic suitability of the project makes decision on the acceptance of the project.

21. During the course of oral evidence, the Committee desired to know the reasons for DPRs not being made available to the Audit, to the tune of sanctioned cost of ₹ 10,550.31 crore. The representative of the Ministry deposed, "So, to the question, why it was not made available either by the State Government or by our people, we will certainly give an explanation. But whatever statement I have made is that without DPR, we do not sanction the projects. In case of minor irrigation projects, what we do is that we do not have a DPR for individual project. The minor irrigation projects are those projects which one less than 2000 hectares. So, usually, in the present scheme also, what we are doing, we take a cluster of projects actually, and even those cluster of projects are not sanctioned without the DPR.

22. On this, the Committee during the oral evidence pointed out that the case of valley project in Meghalaya with sanctioned cost of ₹ 16.30 crore, which was included without DPR. Replying during the course of evidence, the representative of the Ministry of Jal Shakti stated:

"Sir, I think there are two or three instances which have been mentioned in the report. We are examining them. The DPRs were not readily available when actually this audit was conducted. So, they have written on it that the DPRs were not available or it has been without DPR. TAC clearances note and other things are there. They have been documented since 15-20 years and they are available. They are never prepared without the basis. We are looking into and we are trying to trace those DPRs wherever they are."

23. To a query, whether there has been a revision in the format of DPRs over the years, the Ministry in their written reply submitted as under:-

"Deviations from formats prescribed for DPRs may not necessarily amount to violations as long as mandatory information is available in the DPR. However, deficiencies in DPRs, in general, may lead to delay in the process of appraisal."

24. Probed about the wastage of public money to the tune of approximately ₹ 17 crore in the case of DPR of Rongai Valley, the Ministry had in their written reply submitted as under:

“Rongai Valley Irrigation Project, Meghalaya, a medium irrigation project was considered acceptable by the Advisory Committee on Irrigation, Flood Control and Multi-purpose Projects in its 44th Meeting held on 22.09.1989 for an estimated cost of Rs. 16.30 Cr. The project was stated to be the first irrigation project to be taken up by the State of Meghalaya. On perusal of the Agenda Note of the said meeting of the Advisory Committee Annexure 14, it is observed that all the relevant details which are normally required for establishing techno-economic viability of a project were presented to the Committee in respect of Rongai Valley Project.”

25. Posed with the query on the proposal to reduce the time taken in examination and approval of DPRs, the Ministry has submitted as under:-

“In accordance with Guidelines for submission, appraisal and acceptance of Irrigation and Multipurpose Projects 2017, CWC follows consultative process wherein State Govt. prepares DPRs in consultation with specialized Directorates of CWC. Project authority interacts with specialized directorates of CWC for advice on specific issues like hydrology, irrigation planning, inter-State matters, civil design, cost estimation, etc. The consultative process followed in preparation of DPR ensures that deficiencies in the DPR thus prepared are minimized and the time required in appraisal gets reduced. For appraisal of proposal of Irrigation & multipurpose projects, two stage process (PFR & DPR) is being followed. Once PFR is approved, then only detailed project report is prepared and submitted for approval. This makes DPRs sound and feasible project proposals. CWC has recently developed e-PAMS, web enabled Project Appraisal Management System, in which State Govt./project authority submits the PFRs/DPRs online and all communications regarding observation/comments of specialized directorates of CWC related to appraisal and reply/compliance thereof by project authority are made online which reduces delays in communication while making the process of appraisal efficient, user-friendly, convenient and accountable.”

## CHAPTER - IV

## INEFFICIENT FISCAL MANAGEMENT OF AIBP

## A. BENEFIT COST RATIO

26. The Benefit Cost Ratio (BCR) is the ratio of annual additional benefit on account of irrigation to the annual cost of providing those benefits. The calculations of BCR are incorporated in the DPRs, as it is an essential requirement for determining the economic feasibility of an irrigation project. As per guidelines for preparation of DPRs of irrigation and multipurpose projects, the minimum BCR for approval of such projects in Draught Prone Areas was one and in together areas it was 1.5.

27. PAC in its 68<sup>th</sup> Report during Fifteenth Lok Sabha recommended that Ministry must ensure that the BCRs for all projects are properly worked out, based on validated and verifiable data and assumptions relating costs, revenue and cropping patterns etc.

28. Responding to the Audit observation of inefficient fiscal management, the Ministry in their background note submitted as under:-

“(i) CA release for the project in particular year depends upon various factors which includes actual Budget Provision kept by the State Govt., shortfall in expenditure of previous year, Utilization Certificate, total expenditure incurred in the Project, Budget available with the ministry, etc. For release of CA, the State has to submit the CA proposals complete in all respect. CA could be release only for these projects which qualify as per guidelines of release and availability of budget.

(ii) Further, if there is shortfall in expenditure of the previous year, State has to first meet this shortfall by making expenditure equal to or greater than this shortfall in the next following year(s), only then state becomes eligible for the CA for that particular project. Up to 2012, CA was released by MoF on proposals sent by this ministry. Many times, MoF released CA against proposals recommended in March of a previous financial year during the next financial year i.e. in April which could result in some mismatch in releases for a particular year.

(iii) First instalment during a year is released as advance based upon budgetary allocation by the States. Sometimes budget is reduced by States during later stage resulting in lesser State share expenditure.

(iv) Regarding the comment about releases at the fag end of the financial year, it is to mention that the execution of the project is linked to the working season available with the authorities. sometimes, shortfall in expenditure is covered by states only during working season of Sept.-Dec., resulting into first installment proposals during fag end of year. Further, proposals sometimes have shortcomings like certificates, audit Certificates, etc. as per guidelines which may delay release of CA till compliance is made by the States.”

29. Asked to furnish the reasons for not adopting uniform parameters for calculation of Benefit Cost Ratio, the Ministry in its written reply submitted as under:-

“For calculation of BC Ratio, process and procedure followed by CWC/DoWR, RD& GR is standard and uniform as is evident from the relevant

information in the "Guidelines for Preparation of DPR of Irrigation and Multipurpose Projects 2010. The format for calculation of the B.C. ratio prescribed under the Guidelines is enclosed as Annexure 19 and few sample B.C. ratio calculations have also been included under the Guidelines. The B.C. Ratio, Financial return statements and Internal Rate of Return for the Irrigation component of the project are to be prepared as per sub-para 21.2 of "Guidelines for Preparation of DPR of Irrigation and Multipurpose Projects 2010". The various inputs required for assessment of annual cost and annual benefits for the purpose of BC Ratio are project specific like parameters related to soil characteristics, agro-climatic conditions, cropping pattern, crop productivity, etc. and are provided by the concerned State Governments. The norms as per the guidelines are uniformly considered while appraising the BC Ratio. Here it may, however, be mentioned that some input parameters may vary on case to case basis, viz. cost of land development depends up on the quantum of OFD works involved (norms for the same available at the time), annual benefit on pre and post project based on the data provided by the project authorities in consultation with their State Agriculture Department, annual operation & maintenance cost depends on the norms available at the time (taken as per the norms recommended by the Finance Commission at that time) of assessing the BC Ratio etc."

#### **B. CENTRAL ASSISTANCE RELEASES UNDER AIBP**

30. Asked to furnish the mechanism for accurate assessment of techno-economic feasibility to minimise mid-course corrections at later stages of the projects and avoid cost-escalation liabilities, the Ministry in their written reply submitted as under:-

"For appraisal of proposal of Irrigation & multipurpose projects, two stage process (PFR & DPR) are being followed. Once PFR is approved, then only DPR is prepared and submitted for approval. This makes DPRs sound and feasible project proposals. DPR preparation by the Project Authority has to be undertaken in a consultative mode with CWC which reduces deficiencies in the DPR before its submission to CWC. CWC has recently developed e-PAMS, web enabled Project Appraisal Management System, in which State Govt./project authority submits the PFRs/DPRs online and all communications regarding observation/comments of specialized directorates of CWC related to appraisal and reply/compliance thereof by project authority are made online which reduces delays in communication while making the process of appraisal efficient, user-friendly, convenient and accountable. However, the escalation of cost of the projects depends upon various factors and many of these factors may not be entirely under control of implementing authorities such as revision of land acquisition act, rehabilitation & resettlement issues, changes in design due to geological surprises encountered while execution, delay in execution, need to cater to additional area as per local demand etc. "

31. Responding to a question on reasons for shortfall in release of State share of funds and unspent balances remaining idle for long periods of time, the Ministry in their written reply stated as under:-

"Release of State Share in particular year depends upon various factors which includes actual Budget Provision kept by the State Govt., shortfall in expenditure

of previous year, etc. There could be shortfall in expenditure by state owing to several reasons which leads to unspent balances. However, these are to be made good by the States in subsequent year before further release of CA. Further, working season is limited in respect of Water Resources projects due to Monsoon and requirements of Rabi and Kharif season. Therefore, some funds may remain unutilized which are normally required to be utilized during first quarter of next financial year which is also a working season and is also utilized for payment for which works done during last quarter of previous year. Further, Central Assistance is released after Utilization Certificate is submitted by State for the CA already released."

32. As per AIBP guidelines, CA is to be released to States in two instalments based on release of State's share and utilization of funds released earlier. Audit noticed that non/short release of CA was due to shortcomings in proposals submitted by State, delay and non-submission of utilisation Certificates and audited Statements of expenditure, slow progress with regard to expenditure on projects and inability to ensure evenness in expenditure.

33. Justifying the enhancement of budget allocation in AIBP, the Ministry in their written reply submitted as under:-

"Till 2016-17, after the launch of the AIBP scheme the Central Assistance to the projects under AIBP) was provided from the budgetary provisions of this Ministry and State share as per availability of resources with the States. There were usually mismatch between the budget available with the GoI and the matching State Share provided by the State. The shortfall in the availability of budget at Central/State level was one of major cause of concern and the arrangement was reviewed during 2016-17. A committee under Chairmanship of Hon'ble Minister (WR), Chhattisgarh was constituted to review the irrigation projects under PMKSY and suggest measures for their speedy implementation. Out of 149 ongoing AIBP projects at that time, 99 prioritized projects were identified in consultation with States for their completion by Dec., 2019 and funding arrangement, both for Central Assistance and State share for these projects has been made through NABARD. During 2016-17, Long Term Irrigation Fund ( LTIF) has been created by Ministry of Finance and CA as well as state share are being released by NABARD through LTIF. To overcome the delay in getting funds, arrangement have been made for States to take loan from NABARD for their matching State share for the 99 prioritized projects identified for completion in a mission mode. Number of States has started availing NABARD loan for State Share under PMKSY since 2016-17. Therefore, now there is no constraint in release of requisite CA to the projects."

34. Ministry (February 2018) accepted the observation and stated that non/short release of CA was due to submission of incomplete proposals by the States, shortfall in State's expenditure in the previous year and ceiling on expenditure in the last quarter of the Financial year.

35. AIBP guidelines provide for timely submission of proposals by the States for release of CA and timely release of CA thereafter by the Central Government so that

funds become available in the same Financial Year (FY). PAC had, in the context of C&AG Report No. 4 of 2010-11, also recommended timely release of funds by the Ministry to States.

36. GFR (209) (6) (ix) (b) inter-alia stipulates that guarantees would not divert funds/grants received by them. Sanctions issued by the Ministry also stipulate that grants should be utilised only on the programme and expenditure in deviation of approved guidelines is not permissible. Audit noted in their test check, several instances of diversion of funds amounting to ₹ 1578.55 crore in 13 States.

37. Asked to furnish the mechanism available with the Ministry to check instances of diversion of funds by the State agencies, the Ministry in their written reply submitted as under:-

"Monitoring of the projects is being carried out by CWC regularly. Further, third party monitoring is also being conducted. The status of expenditure is reflected in the Monitoring Reports. Further, CA is released once UCs are submitted by State Govt. for the previous released CA."

38. To a query on reasons for late release of funds, the Ministry has submitted as under:-

"CA release for the project in particular year depends upon various factors which includes actual Budget provision kept by the State Govt., shortfall in expenditure of previous year, Utilization Certificate, total expenditure incurred in the Project, Budget available with the ministry, etc. For release of CA, the State has to submit the CA proposals complete in all respect. CA could be released only for those projects which qualify as per guidelines for the release and availability of budget. (ii) Further, if there is shortfall in expenditure of the previous year, State has to first meet this shortfall by making expenditure equal to or greater than this shortfall in the next following year(s), only then State becomes eligible for the CA for that particular project. Up to 2012, CA was released by MoF on proposals sent by this ministry. Many times, MoF released CA against proposals recommended in March of a previous financial year during the next financial year i.e. in April which could result in some mismatch in releases for a particular year. (iii) First installment during a year is released as advance based upon budgetary allocation by the States. Sometimes, budget is reduced by a State during later stage resulting in lesser State share expenditure. (iv) Execution of the project is linked to the working season available with the authorities. Sometimes, shortfall in expenditure is covered by states only during working season of Sept.-Dec., resulting into first installment proposals being submitted during fag end of year. Further, proposals sometimes have shortcomings like non submission of utilization certificates, audit certificates, etc. as per guidelines, which may delay release of CA till compliance is made by the States."

39. Elaborating on the steps taken to identify the reasons for short/non-release of funds, the Ministry in their written reply further stated as under:-

"(i) CA release for the project in particular year depends upon various factors which includes actual Budget Provision kept by the State Govt., shortfall in expenditure of previous year, Utilization Certificate, total expenditure incurred in the Project,

Budget available with the Ministry, etc. For release of CA, the State has to submit the CA proposals complete in all respect. CA could be released only for these projects which qualify as per guidelines of release and availability of budget. (ii) Further, if there is shortfall in expenditure of the previous year, State has to first meet this shortfall by making expenditure equal to or greater than this shortfall in the next following year(s), only then State becomes eligible for the CA for that particular project. Up to 2012, CA was released by MoF on proposals sent by this ministry. Many times, MoF released CA against proposals recommended in March of a previous financial year during the next financial year i.e. in April which could result in some mismatch in releases for a particular year. (iii) First installment during a year is released as advance based upon budgetary allocation by the States. Sometimes budget is reduced by States during later stage resulting in lesser State share expenditure. (iv) States are pursued for submission of CA proposals at the earliest through CWC Field Offices."

40. Posed with the query on diversion of funds, the Ministry in their written reply stated as under:

"(1) An online Management Information System (MIS) has been developed for monitoring of the projects getting Central Assistance. The nodal officers from the projects update the physical and financial progress of the projects regularly in the MIS. (2) Monitoring of the projects is also being carried out by CWC regularly. Further, third party monitoring is also being conducted. (3) Before any further release of CA to the project the UC is obtained as per AIBP guidelines."

41. Audit has noted that as per AIBP guidelines, failure to complete a project on time would result in the grants being treated as loans that would later be recovered from the State Government. In its audit, the C&AG found that the Ministry had failed to invoke this provision for 105 projects facing delays ranging from one year to 18 years. As per the guidelines, if State Governments fail to comply with the agreed target date for completion, the grant component released will be treated a loan and recovered as per usual terms of recovery of Central Assistance. Asked to furnish the reasons for failure to invoke this provision as stipulated under AIBP guidelines, the Ministry in their written reply submitted as under:-

"Execution of irrigation and multipurpose projects is very challenging task and number of problems are encountered at the time of execution. Completion of some irrigation projects is delayed due to various reasons including inter-State issues, land acquisition, R&R issues, delay in clearances from other departments like Railway/Highway, geological surprises in the foundations, climatic conditions etc. Further, contractual issues and court cases also hamper the progress. Further, non-availability of funds with Centre and State Govt. during a particular year also affect the progress. Irrigation and multipurpose projects provides appreciable socio-economic benefits besides the envisaged quantifiable irrigation/creation of irrigation potential. However, the projects face various hurdles, such as Land Acquisition, RR, Court cases, contractual matters which are of complex nature. Therefore, CA is released from time to time keeping in view of such constraints. For reasons beyond the control of the State or when due justification has been given, extension is being given by the competent authority."

42. Audit has noted that scrutiny of records relating to AIBP projects and schemes revealed cases of fraudulent and suspected fraudulent payments in four States amounting to ₹ 7.58 crore. In response to the query whether Ministry has taken any action to identify and penalised the officials responsible for such fraudulent and suspected fraudulent activities, the Ministry in their written reply submitted as under:-

"AIBP project are planned, executed and maintained by the State Governments themselves and such matters mentioned in para 3.11 of C&AG report are dealt by them. Audit report has been sent to states. Further information given by states is as under:

Assam

Dhansiri Irrigation Project

The nomenclature of the estimate was proposed as Construction of C.C lining and improvement of B3M Canal from ch. 16997.00 m to ch. 17210.00 m near Gated Spillway at ch. 16760.00 m. Though the provision of CC lining was included in the estimate but instead of CC Lining, the work of repairing and restoration of B3M canal on the downstream of the proposed Gated Spillway at ch. 16760.00 m was executed against the estimate, which was essential. After completion of construction of Gated Spillway, irrigation water will flow through the B3M Canal to the downstream of the canal system. So the expenditure of Rs. 28.68 lakh was not unfruitful.

Karnataka

Upper Tunga Project :

1. The departmental enquiry has been conducted by the Deputy commissioner, Haveri against Sri H.V. Halabhavi in charge, Shirastedar and disciplinary action has been initiated by DC, Haveri vide order letter no: DC/HAV/16016/46/2016/HAV / EST01/ dt:25/11/2016. Also a case was filed against Sri H.V. Halabhavi and culprits before the civil court Ranebennur. Now the case is pending in the court waiting judgment. However Rs.50.61 lakh has been recovered and the balance Rs.47.23 lakh is yet to be recovered. 2. The investigation regarding irregularities in payment of compensation in the office of SLAO, UTP, Ranebennur has been conducted by CAO KNNL (Admin), Dharwad and recommended to suspend 03 number of officials vide letter dated:19/09/2013. Accordingly, the same was communicated to DPAR through WRD unofficial note dt:21/09/2013 and 10/10/2013. As per WRD recommendation, the DPAR suspended 03 officials vide GO dt: 28/10/2013. Further, all the records pertaining to this case are handed over to CID authorities by WRD Vigilance Cell on dt:03/01/2015 as per GO dt:18/10/2014. The report of CID authorities is still awaited."

43. The Ministry has further submitted that utilisation certificate is issued by Chief Engineer of the Project and countersigned by Secretary (Water Resources/Irrigation) of the State Government. Further funds are released after getting utilisation certificate.

## CHAPTER V

## DEFICIENCIES IN WORK MANAGEMENT AND UNDUE BENEFITS TO CONTRACTORS

44. As the ultimate objective of AIBP, was to ensure availability of water to farmers, the projects and schemes included in AIBP also had defined deliverables in terms of creation and utilisation of the Irrigation Potential (IP).

As per AIBP guidelines, the Memorandum of Understanding (MoU) signed between the Ministry and the State Government for each project sets targets for creation of IP and for utilisation of the IP created for the project/scheme.

45. Effective monitoring of the implementation of the scheme could only result in realising the true Irrigation Potential of a project under the scheme.

46. Asked whether regular meetings between the Ministry, CWC and the State Departments are being held to identify bottlenecks for completing the delayed projects, the Ministry in their written reply stated as under:-

"Regular meetings between the Ministry of Jal Shakti erstwhile Ministry of Water Resources, RD&GR (MoWR, RD&GR), CWC and the State Departments are held from time to time to identify bottlenecks for completing the delayed Projects. Extensive Review of PMKSY under implementation is done at all Levels, for completion of these works as early as possible. Details of these meetings is as under:

S. No.	Review Meeting taken by	Number of Meetings during 2017-19
1	PS to Hon'ble Prime Minister	10
2	PMKSY Council	4
3	Hon'ble Minister Jal Shakti erstwhile Ministry of Water Resources, RD&GR (MoWR, RD&GR)	9
4	Secretary (WR, RD & GR)	16

Outcome :

1) 26 prioritised projects of Maharashtra which were at stand still since many years due to various reasons picked up the pace and 9 projects were completed by June, 2019.

2) 3 prioritized Projects of UP were also at standstill since long. All of them picked pace within one year from the approval of scheme during 2016.

3) Several issues related to Railway crossings/ Highways crossings were taken up with concerned authorities and sorted out.

4) Within 3 years, 40 projects were completed and in addition 22 more projects have now achieved progress of 90% or more."

47. Asked specifically the reasons for delay in implementation of Projects, the Government in their written reply stated that Irrigation Potential get delayed due to various reasons including land acquisition, Resettlement and Rehabilitation of the project affected population, clearance from the Ministry of Environment & Forest, litigation on the projects in the courts, geological surprises in the foundations, issues of Railway/National Highway crossings/utilities paucity of funds for release of state share, delay in approval activities at state level, non-release of the funds to projects on time by the State Govt. etc.

48. Adherence to Public works Manual, Government instructions, extant orders and contract agreements provide the framework for governing rights and obligations of contracting parties and ensuring accountability in public work management. The stipulated terms and conditions regulate the release of advance and payments to the contractors. Adequate safeguards in the form of penal provisions aid in promoting economy and efficiency in works. In 29 MMI projects of 16 States and 22 MI schemes of three States, audit noticed that there were cases of grant of undue benefits to the contractors amounting to ₹ 303.36 crore by violating the terms and conditions of the agreements. Broadly, the undue benefits to contractors were due to termination of contracts without invoking risk and cost clause under the contract (₹ 137.12 crore), non-levy of liquidated damages (₹ 90.07 crore), non recovery of advances (₹ 42.86 crore) and excess payments to contractors (₹ 33.31 crore). The undue benefits to the contractors were indicative of lack of compliance with the conditions of the contracts, thereby affecting transparency, fairness and accountability in use of government funds.

49. Responding the cases of undue benefits to contractors, the Ministry in their written reply submitted that:

"AIBP projects are executed by the State Governments. All contract matters were handled by State Govts. Audit report has been sent to States. Information provided by some of states is as under: Jharkhand Subarnarekha Multipurpose Action has already been taken against the net demand of Rs. 188.27 lakh the Security has been forfeited and for recovery of balance amount (Rs. 169.61 lakh) action is being taken as per departmental guidelines. Gujarat Sardar Sarovar Project (Table 4.21 : Undue benefits to the contractor ) The work of constructing SDBM service road on Limbdi and Vallabhipur Branch Canals was awarded to M/s S.B.Patelon 24.01.2017 with time limit of 6 months to complete the work. Agency carried out work of Rs. 39.57 Crore out of Rs. 93.80 Crore in stipulated time limit upto 23.07.2017 i.e. 42%. The work could not be completed due to (i) Early onset of monsoon-2017. (ii) Hindrances due to local interferences. (iii) excess/extra works inclusion and (iv) Construction drawing for parapet wall as per inspection note of Superintending Engineer dated 04.03.2017 to be adopted as per site situation. As per the tender clause-56, the Executive Engineer (E/C) scrutinized the reasons for delay in completion of work and found that the reasons not attributable to the agency. The proposal for extension of time limit is also submitted for the recommendation of the committee. Hence liquidated damage is not recovered; however the Engineer-in-charge has deducted Rs. 700000/- for pending approval of time limit extension. The reasons are on record and narrated in the proposal. The extension of time limit is approved by the

competent authority of SSNNL as the reasons for extension are not attributed to Nigam. Jharkhand Subarnarekha Multipurpose, Gumani, Sonua, Surangi and Panchkhero Project As per clause 49 of condition of contract & clause 29 of contract data maximum 10% of initial contract price would be deducted for delay in completion of work. In accordance with the rule the department has already accessed it & deducted 10% of work value from each Running bills to reach the same so that the work may progress in full swing in the interest of work. On the other hand department found some genuine & unavoidable reason for delay in completion of work, such as land acquisitions, Naxal activities, mineral shortage, accordingly EOT is granted by competent authorities. At the time of the Final bill the dept. either deducts 10% percent of the whole agreement value or EOT is being granted, if reason for delay is satisfactory. Karnataka Upper tunga Project • As per the condition of the contract, penalty of half per cent per week on the estimated cost of the work was levyable for the delay in completion of the work subject to a maximum of 7.5 per cent of the estimated cost of the work provided further that in event of the contractor making up the short fall in progress within the stipulated or extended period of completion, the penalty so recovered may be refunded on the application in writing by the contractor. • The details of 16 works under Upper Tunga project are enumerated as below : • Name of work: Providing CC lining in Km 72.00 of UTP Main Canal: •The work of providing in CC lining in Km 72.00 of UTP Main Canal was entrusted to Sri Sunil G. Badde Class-I Contractor vide agreement No.18/2012-13 dt:19.10.2012. Mark out has given on 14.12.2012. (After stoppage of water in UTP main canal) with a stipulated date of completion 13.04.2014 as per terms and conditions of contract. But the work could not be completed within the stipulated date due to lot of obstruction by farmers and non-availability of sufficient sand for executing the works. • In view of the above genuine reasons, the Chief Engineer vide letter No.2604 Dt.:22.08.2016 approved the first time extension from 14.04.2013 to 31.12.2014 with a penalty of Rs.25/- per day and second time extension vide letter No.1075 dt:14.06.2016 from 01.01.2015 to 03.02.2016 with a penalty of Rs.10/- per day. • Name of work: Balance earth work excavation formation of embankment, lining including construction of CD works in Km 85 of UTP main canal: • The above work was entrusted to Sri C.A.Biradar, Class-I contractor vide agreement No.2/2014-15 dt:21.05.2014, with a stipulated date of completion 20.09.214 as per terms & conditions of contract. But the work could not be completed within the stipulated date because the water allowed in the main canal last week of June 2014 to 30.11.2014 and due to lot of obstruction by the local farmers. Hence in view of the above reasons, the Chief Engineer videltr. No.2566 dt:22.08.2015 approved the 1st time extension from 21.09.2014 to 30.08.2015 with penalty of Rs.15.00/- per day. Even with the 1st time extension, the work could not be executed because of obstruction of farmers and hence in view of this Chief Engineer videltr. No.6732 dt:22.03.2016 approved the 2nd time extension from 31.08.2015 to 24.02.2016 with a penalty of Rs.10/- per day. • Name of work: Providing CC lining in Km 68 of UTP main canal: • The work of providing CC lining in Km 68 of UTP main canal was entrusted to M/s. KVR Constructions, Class-I contractor vide agreement No.3/2012-13 Dt:08.06.2012, with a stipulated date of completion 07.10.2012 as per terms & conditions of

contract. But the work could not be completed within the stipulated date because the water allowed in the main canal and due to lot of obstruction by farmers and non-availability of sufficient sand for executing the works. Hence, in view of the above reasons, the Chief Engineer videltr. No.3523 Dt:23.10.2014 approved the 1st time extension from 08.10.2012 to 10.06.2014 with a penalty of Rs.15.00/- per day.

- Name of work: Providing cement concrete lining in Km 14 to 15 of UTP main canal: • The estimate for the work providing laying CC lining from Ch.14000 to 15000 m in 15th Km of UTP canal was sanctioned by CE, UTP Zone, Shivamogga vide CER No.737/2012-13 dt:28.02.2013 for Rs.250.00 lakhs. The above work was entrusted to Sri M.R.Krishna Naik, KNNL Category-3 contractor, Bengaluru on tender basis vide agreement No.5/2013-14 dt:22.07.2013 for Rs.238.60 lakhs with a tender period of 03 months. The contractor commenced the work on 22.07.2013. As per tender condition the completion date of work is 21.10.2013. After obtaining the approval to the extended period from the competent authority, the work was completed on 17.08.2015.
- Name of work: Providing cement concrete lining in Km 10 to 11 of UTP main canal: • The estimate for the work providing laying CC lining from Ch.10000 to 11000 m in 11th Km of UTP canal was sanctioned by CE, UTP Zone, Shivamogga vide CER No.736/2012-13 dt:01.07.2013 for Rs.218.00 lakhs. The above work was entrusted to Sri D.S.Math, KNNL Category-3 contractor, Bijapura on tender basis vide agreement No.21/2013-14 dt:10.02.2014 for Rs.186.325 lakhs with a tender duration of 09 months. The contractor commenced the work on 10.02.2014. As per tender condition the completion date of work is 09.10.2014. After obtaining the approval to the extended period from the competent authority, the work was completed on 11.04.2016.
- Name of work: Providing cement concrete lining in Km 16 to 17 of UTP main canal: • The estimate for the work providing laying CC lining from Ch.16000 to 17000 m in 17th Km of UTP canal was sanctioned by CE, UTP Zone, Shivamogga vide CER No.739/2012-13 dt:22.02.2013 for Rs.210.00 lakhs. The above work was entrusted to Sri EshwarappaT.Gogi, KNNL Category contractor, Shorapur on tender basis vide agreement No.6/2013-14 dt:22.07.2013 for Rs.213.21 lakhs with a tender duration of 03 months. The contractor commenced the work on 22.07.2013. As per tender condition the completion date of work is 21.10.2013. After obtaining the approval to the extended period from the competent authority, the work was completed on 06.07.2015.
- Name of work: Construction of cross regulator cum escape @ Ch.8.280 Km of UTP main canal: • The estimate for the work construction of cross regulator cum escape @ Ch.8.280 Km of UTP canal was sanctioned by CE, UTP Zone, Shivamogga vide CER No.504/201314 dt:30.01.2014 for Rs.499.50 lakhs. The above work was entrusted to Sri V.S.Rathod, KNNL Category-2 contractor on tender basis vide agreement No.32/201213 dt:04.03.2014 for Rs.335.92 lakhs with a tender period of 06 months. The contractor commenced the work on 04.03.2014. As per tender condition the completion date of work is 03.09.2014. After obtaining the approval to the extended period from the competent authority, the work was completed on 03.02.2015.
- Name of work: Providing cement concrete lining in Km 11 to 12 of UTP main canal: • The estimate for the work providing laying CC lining from Ch.11000 to 12000 m in 12th Km of UTP canal was sanctioned by CE, UTP

Zone, Shivamogga vide CER No.37/2012-13 dt:01.07.2013 for Rs.230.00 lakhs. The above work was entrusted to M/s. KVR Constructions, KNNL Category-3 contractor, Malebennur on tender basis vide agreement No.16/2013-14 dt:02.01.2014 for Rs.201.614 lakhs with a tender period of 09 months. The contractor commenced the work on 02.01.2014. As per tender condition the completion date of work is 01.09.2014. After obtaining the approval to the extended period from the competent authority, the work was completed on 11.04.2016. • Name of work: Providing cement concrete lining in Km 18 to 19 of UTP main canal: • The estimate for the work providing laying CC lining from Ch.18000 to 19000 m in 19th Km of UTP canal was sanctioned by CE, UTP Zone, Shivamogga vide CER No.30/2013-14 dt:29.06.2013 for Rs.243.00 lakhs. The above work was entrusted to Sri D.S.Math, KNNL Category-3 contractor, Bijapur on tender basis vide agreement No.22/2013-14 dt:10.02.2014 for Rs.208.35 lakhs with a tender period of 09 months. The contractor commenced the work on 10.02.2014. As per tender condition the completion date of work is 09.11.2014. After obtaining the approval to the extended period from the competent authority, the work was completed on 02.05.2016. • Name of work: Providing cement concrete lining in Km 20 to 321.065 of UTP main canal: • The estimate for the work providing laying CC lining from Ch.20000 to 21000 + 65 m in 21st Km of UTP canal was sanctioned by CE, UTP Zone, Shivamogga vide CER No.32/2013-14 dt: 29.06.2013 for Rs.237.50 lakhs. The above work was entrusted to Sri D.S.Math, KNNL Category-3 contractor, Bijapur on tender basis vide agreement No.24/2013-14 dt: 10.02.2014 for Rs.203.86 lakhs with a tender period of 09 months. The contractor commenced the work on 10.02.2014. As per tender condition the completion date of work is 09.11.2014. After obtaining the approval to the extended period from the competent authority, the work was completed on 02.05.2016. • Earthwork excavation, formation of embankment CC lining with Mechanical paver including construction of CD works in Km 203 to 207 Km of UTP Main Canal. • The work was delayed due to land acquisition problems. The farmers and land owners were obstructing the work. As the reasons were not attributable to contractor, time extension was accorded without penalty. • Earthwork excavation, formation of embankment CC lining with Mechanical paver including construction of CD works in Km 217 to 222 Km of UTP Main Canal. • The farmers were not ready to give the land immediately. They were agitating for land compensation and to take the crops and obstructing to do the work. Farmers were demanding for award amount. As the reasons were not attributable to contractor, time extension was accorded without penalty. • Earthwork excavation, formation of embankment CC lining with Mechanical paver including construction of CD works from Km 0.00 to 1.260 of Minor-4, 0.00 to 1.400 Km of Minor-5, Km 0.00 to 0.860 Km of Minor-6 of Dy.No.5 off taking @ Ch.211.035 of UTP Main Canal. • The farmers were not ready to part their lands and in turn demanding for land compensation. In the meantime new land acquisition Act was introduced from 01.01.2014 and the implementation of the said act further delayed the land acquisition process. As the reasons were not attributable to contractor, time extension was accorded without penalty. • Earthwork excavation, formation of embankment CC lining with Mechanical paver including construction of CD works in Km 208 to 212 of UTP Main Canal. • The

work was delayed due to land acquisition problems. The farmers and land owners were obstructing the work. As the reasons were not attributable to contractor, time extension was accorded without penalty. • The delay in completing the above work is due to the following reasons; Due to slips occurred in the canal sides for which additional work of back filling and removal of slipped muck was carried out by obtaining approval from the competent authority. Due to water let out in the canal for irrigation purpose in the following dates (a) 29.07.2014 to 30.11.2014 (b) 01.07.2015 to 17.08.2015. Delayed due to non-availability of sand and metal. Due to above reasons the work was delayed for which time extension was approved by levying the nominal penalty from the contractor with a condition that contractor should not claim extra rates for the work carried out in the extended period. • As per clause 2(d) of PWG-65 of agreement, the penalty to be levied should not exceed 7.5% of estimated cost of entire work as shown in tender. If the delay is attributable to the contractor, the penalty levied may be refunded to him if he completes the work within the extended period on the request of the contractor. • But here the work delayed due to the reasons as explained above are not attributable to the contractor. Even though department recovered a nominal penalty. Considering the above facts, which are common to all works at serial no. 1 to 12 and time extension, accorded without penalty for the works at serial no 13 to 16, the issue on Termination of contractors, without invoking Risk and cost clause given under table Gujarat Sardar Sarovar Project (Non recovery of Advances) The railway line of Central Government pertaining to western rly division is crossing the canal. These crossing has to be constructed by the railway department as depositary work. The railway department demands the advance for the same before inviting the tenders as per their procedure for taking up the work. Now the tenders are invited by the Railway authorities and work will be taken up as the earliest possible. The MPW advance will be adjusted. Looking to this, it is requested to settle the para. The material is not either pure Soft Rock or Hard Rock for which rate can be fixed and disposed of but consists of mixture of rock and earth. The only alternative is to separate rock from the earth which is expensive and hence not feasible. SSNNL would prefer to keep this as spoil bank. But possibility of auction on "as is where is" basis is being M.P. MI Scheme Barkheds Chhajju Tank- Useful material obtained from excavation during Construction of Berkheda Chajju Tank, Chutefall, Bridge, Base Culvert, Diverted Road and Spill Channel was used in casing of Dam and rest being sandy soil & found unsuitable for Dam construction was kept in spoil banks. Contractor was paid for complete item as quoted in the agreement Quantity of Utilizable excavated material was deducted from total executed work. Hence no excess payment has been done. As far as utilization of excavated material is concerned it is confined to suitability of material obtained from excavation. After visual examination, utilizable excavated material received from approach and spill channel was used in construction of Dam and un-useful material was kept in spoil banks. However, the details being obtained from Chief Engineer, Chambal-Betwa Basin, WRD, Bhopal. Case is pending in the tribunal. After decision of the case from tribunal. The cost will be recovered from contractor hence it is requested to drop the para."

## CHAPTER VI

## INEFFICIENT MONITORING OF THE SCHEME

50. Asked whether Irrigation Potential utilisation data is posted and updated on the website of the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), the Ministry has submitted as under:-

“MIS system has been put in place for indicating physical and financial progress of each of prioritized project under PMKSY-AIBP. Irrigation Potential Creation is one of parameters which is monitored through MIS. Further, for finding utilization, cropped area assessment is being done through BISAG every year. Details of total cropped area (IPU) during the year in respect of 99 prioritised project is as under:

Year	Total Cropped area in (Lakh Hectare)
2016	40.58
2017	44.27
2018	45.74

51. The Ministry has further stated that nodal officers from State and CWC have been nominated for updation of data in MIS to ensure uniformity/accuracy.

52. During the course of oral evidence of the Ministry on 20.09.2019, the representative of the Ministry stated that Bhaskaracharya Institute for Space Applications and Geoinformatics (BISAG) was assigned the work of remote sensing to assess Irrigation Potential. They in their written response, further elaborated that BISAG is not charging any fee for cropped area assessment. Assignment to BISAG was given through Ministry of Information and Electronics (MITE), Govt. of India. They take up work from within overall allocation to them. Further, no other organisation was assigned the work of remote sensing in this regard. 99 Prioritized PMKSY-AIBP Projects (and 7 phases) are being assessed by Bhaskaracharya Institute for space Applications (BISAG) for crop area assessment.

53. Asked about the variation in results of IP from remote sensing *vis-a-vis* manual findings, the Ministry in their written reply stated that:-

“The Irrigation Potential Created upto June 2018 in 99 PMKSY Projects is 53.45 Lakh Hectare and Cropped Area of these 99 PMKSY Projects assessed by BIASAG through remote sensing in 2018 is 45.74 Lakh Hectare. There are various reason for variance. The remote sensing technique is used for identifying cropped area in large scale based upon the availability of satellite imagery during the cropping season. If there is a good resolution, the cropped area can be mapped with greater accuracy and in case of poor resolution due to different reasons such as bad weather etc the cropped area mapped may have less accuracy. Further, the cropped area fluctuate based on the availability of irrigation water/rainfall/groundwater.”

54. To a query for adopting uniformity in calculation of IP, the Ministry has stated as under:

"Broadly, Ultimate Irrigation Potential (UIP) may be defined as the gross area that can be irrigated from a project in a design year for the projected cropping pattern and assumed water allowance on its full development. The gross irrigated area will be aggregate of the areas irrigated in different crop seasons, the areas under two seasonal and perennial crops being counted only once in the year. With regards to the query, it is to mention that the area which can potentially be irrigated depends on the physical resources like land, soil and water, combined with the irrigation water requirements as determined by the climate and cropping pattern. However, environmental and socio-economic constraints also have to be taken into consideration in order to guarantee a sustainable use of the irrigated area. Assessment of the irrigation potential, based on soil and water resources, can only be done by simultaneously assessing the irrigation water requirements, which in turn depend on the cropping pattern and climate (rainfall and potential evapotranspiration). Further, the field data required while planning the cropping pattern of a project are:

- (a) Existing / proposed irrigation facilities in the proposed project command area.
- (b) Existing cropping pattern: Existing area under rain fed cultivation Area under each crop Net increase in irrigation facilities due to project.
- (c) The Soil surveys,
- (d) Proposed cropping pattern, and

The crop water demand calculation depends upon various climatological parameters like temperature, sunshine, humidity, wind speed, latitude, rainfall etc. There are various methods for estimating the crop water requirements. However, Modified Penman Method is considered suitable (as per the Technical Series (2) , 1984, Ministry of Irrigation). Recently, the crop water demand is also calculated by using the CROPWAT 8.0 software, which uses Penman-Monteith method. It may be noted that the aforementioned field data is provided to CWC by the Project Authorities/State Government (as the case may be). e.g.: the climatological data for the command area is submitted to CWC by the project authorities after procuring the same from IMD/State Meterological Dept, etc; the existing and proposed cropping pattern are submitted to CWC after getting the same approved from the Director, State Agriculture Department as it will vary from place to place in accordance with the geographical, socio-economic and environmental factors. For e.g. if we take the example of Himachal Pradesh, the area in the vicinity of district Shimla is appropriate for orchard plantation, low and middle regions are suitable for vegetable production and we go for paddy crop in a level terrain as flood irrigation is required for the crop and clayey soil is suitable for it. MoWR has framed the "Guidelines for Preparation of Detailed Project Reports of Irrigation and Multipurpose Projects, 2010". The irrigation potential of a project may be determined broadly based on these guidelines. However, there may not be a standardized methodology to find out the irrigation potential for all the projects, as the same varies from project to project. For e.g.: In plain areas like Gangetic plains, Indus plains and desert regions, where land is generally not a constraint, water availability determines the irrigation potential of a project. Whereas, in hilly areas, where land for cultivation is limited, water availability is

generally not a constraint. CCA, along with the water availability determines the irrigation potential with the given cropping pattern."

55. While further asked about standard methodology to reconcile the field reports and remote sensing IP, the Ministry in their written reply stated that:-

"The remote sensing technique is used for identifying cropped area in large scale based upon the availability of satellite imagery during the cropping season with higher resolution imageries the cropped area could be demarcated clearly and also canal network could be identified correctly. If there is a good resolution the cropped area can be mapped with greater accuracy and in case of poor resolution due to different reasons such as bad weather etc the cropped area mapped would be lesser than actual despite of greater water storage and availability of water in canal. The cropped area will fluctuate based on the availability of irrigation water/rainfall/groundwater. The remote sensing method provides the data for potential utilisation. While the Ultimate irrigation potential is the maximum achievable potential under given hydrological conditions."

56. Public Accounts Committee (68<sup>th</sup> Report on AIBP during 15<sup>th</sup> Lok Sabha) recommended to the Ministry to oversee and ensure that all the State Governments enact laws on participatory irrigation management and constitution of Water Users' Associations (WUAs) for the effective implementation of the AIBP projects. As per AIBP Guidelines, Water User Associations were to be formed for post construction maintenance of assets created under the MI schemes.

57. Asked to furnish the major impediments in forming Water User's Association, the Ministry in their written reply submitted as under:

"Major impediments in Water Users' Association are: (i) Lack of legal backup and policy changes in some States to take up Participatory Irrigation Management (PIM) especially with respect to empowerment of WUAs for operation and maintenance, collection of water charges, lack of clarity of legislation and implementation of legislation for empowerment of the WUAs in States where PIM has been enacted (ii) System deficiency in irrigation scheme like deterioration of structures, canals, due to seepage and erosion of banks, siltations which hinder farmers to take over the system management (iii) Uncertainty over water availability, as the farmers will be reluctant to take on the responsibility of managing the system unless water is really made available. (iv) Lack of the capacity building of the member of the WUAs for various technical and financial issues.

Ministry's dealing with the impediments:

- (i) Pursue the State Governments for enacting and implementing PIM Acts.
- (i) Strengthening financial resources of WUAs to make them viable.
- (ii) Training of project officials in operationalising the concept in field. Exposure visits where such initiatives have already been experienced especially in externally aided projects or small scale initiatives under NGOs.
- (iii) Training of WUAs and orientation on their role in repair and maintenance, collection of water charges etc so as to help them perform their duties accordingly.

The ongoing Scheme has an in-built component directed at strengthening of such activities. The financial assistance under non-structural intervention includes / covers (a) one time functional grant to registered WUAs (b) one time infrastructural grant to the registered WUAs (c) trainings, demonstrations etc. (d) hand holding support for strengthening of Participatory Irrigation Management (PIM) including formation of WUAs through select Social Facilitator. Exposure of implementing agencies to the practices in different States are also done in a limited way through Project Implementation Review Committee (PIRC)."

58. The Ministry further noted as follows:

"In April 1987, the Ministry of Water Resources had issued guidelines for farmers' participation under Command Area Development & Water Management (CADWM) programme. Recognizing the need for sound legal framework for PIM in the country, during 1998, the Ministry brought out and circulated a model act to be adopted by the States legislatures for enacting new irrigation acts/amending existing irrigation acts. The legal framework provides for creation of farmers' organizations at different levels of irrigation systems. In accordance with the model Act, 17 States namely Andhra Pradesh, Assam, Chhattisgarh, Bihar, Goa, Gujarat, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Nagaland, Orissa, Rajasthan, Sikkim, Tamil Nadu and Uttar Pradesh have enacted exclusive legislation for involvement of farmers in irrigation management at different levels i.e. Water Users' Association (WUAs) covering a cluster of outlets or a minor, distributary committee and project committee. Thus at present there are 17 States who has either enacted new act or modified their existing act to fulfill the objective of the PIM. Other States are being pursued to enact a bill to take care the objective of the PIM. As per the guidelines of CADWM Programme issued in January, 2017, there is a provision of one time functional grant @ 1200 per ha. to be given to Water Users Associations(WUAs), which will be shared in the ration of 45:45:10 among centre, State and the beneficiaries. There is also a provision of infrastructure of Rs. 3 lakh per Water Users' Associations which will be shared in the ratio of 75:25 between Central Government and State Government, in case of 8 North Eastern States including Sikkim and 3 Himalayan States, whereas the ratio will be 60:40 for the remaining States. The guidelines, in order to bring greater emphasis for PIM, has identified the CADWM works as Structural & Non- Structural interventions with clear demarcation of funds available for PIM related works under non- structural interventions. Further, the completion of CADWM Project has been linked with taking over of the control and management of irrigation system by the respective WUAs.

Ministry of Jal Shakti has also proposed a new Incentivization Scheme for Bridging Irrigation Gap (ISBIG) for taking up CADWM works with substantial focus on Participatory Irrigation Management – in balance Culturable Command Area (CCA) of 80 lakh hectares under 317 completed irrigation projects spread over 24 States. The Scheme is under process for Government level approval."

**PART – II****OBSERVATIONS AND RECOMMENDATIONS****INCLUSION OF PROJECTS UNDER AIBP**

1. The Committee note that the criteria for inclusion of a project since inception of AIBP has undergone frequent revisions in the years 1997-98, 1999-2000, 2001-2002, 2004, 2005, 2006 and 2013. The Committee also note that AIBP eligibility criteria and norms have undergone numerous amendments since the inception of AIBP. While minor modifications in an ongoing scheme after considerable time may apparently be considered reasonable, such frequent changes in the guidelines for inclusion of projects under AIBP displays a discontinuity in the original plan of things. The Committee note that despite being launched with best intentions, the AIBP Scheme has not made much progress till date and the issue of irrigation in India is still largely left to the vagaries of monsoon. Part of the problem is owing to frequent re-fixing of the goal post. The Committee desire that Ministry undertake an exercise to assess the requirement of a comprehensive revision of the guidelines taking all the State Governments and other stakeholders into confidence and come up with considered norms and criteria for inclusion of timelines, which may also include all possibilities of changes and interventional circumstances to obviate the necessity of frequent revision and eliminate chances of violation of guidelines, and frame solid guidelines which may withstand the test of time. The Committee also desire that resolute and concrete action be taken to scrupulously and rigorously adhere to the guidelines and timelines thus framed.

**DILUTION IN THE FOCUS AND OBJECTIVES OF THE PROGRAMME - CASE OF RONGAI VALLEY PROJECT**

2. The Committee observe that AIBP's performance so far is far from the level it is desired and the reasons that could be attributed to range from inordinate delay in preparing detailed project reports (DPRs) to blatant wastage of public money as is evident in the case of Rongai Valley project. The Committee recommend that all shortfalls and deficiencies in preparation and processing of DPRs such as delays, inadequate surveys, inaccurate assessment of water availability, incorrect IP, inaccurate assessment of Command Area, reduction in Command Area, Lack of activity wise construction plans and inadequate provision of cross drainage works in distribution systems be immediately attended to and redressed. The Committee note that the Ministry is unable to advance any plausible reason for inclusion of Rongai Valley project with a sanctioned cost of ₹ 17.30 crore under AIBP without preparing a DPR. The Committee further recommend that action must be taken against those directly or indirectly responsible for wastage of public money, especially in cases such as Rongai Valley Project, under intimation to the PAC. The Committee further

note that Detailed Project Reports of the 14 sampled MMI projects with overall sanctioned cost of ₹ 10,550.91 crore have not been made available to the Audit. The Committee feel that much of the projects could not see the light of the day because of denial of access to detailed project reports to Audit. They, therefore, recommend that effort may be made to trace and place the same before the Audit, during their regular audit. The Committee further feel that the Ministry should be more open to Audit and recommend that a further audit of these MMI projects amounting to approximately ₹ 10,000 crore would be a learning experience and opportunity for the Ministry to further improve its functioning.

3. The Committee note that the CWC has developed e-PAMS system to fastrack the Project Appraisal Management System. The Committee hope that this will lead to reducing the delays, conducting accurate surveys and assessment, and recommend that timelines given in the e-PAMS system be strictly adhered to and that timelines may also be given wherever lacking. They further desire that the new system be incorporated with all quantifiable and objective data to the extent possible.

#### INEFFICIENT FISCAL MANAGEMENT OF AIBP

4. The Committee note that as per guidelines for preparation of detailed project reports of irrigation and multipurpose projects, the minimum Benefit Cost Ratio for approval of such projects in Draught Prone Areas was one (1) and in other areas it was 1.5. The Committee further note the previous PAC observation in regard to properly working out Benefit Cost Ratio for all projects. While there is a standard and uniform process prescribed for calculation of Benefit Cost Ratio, the reality is that CWC and project authorities are not adopting uniform parameters for calculation of BCR. The Committee cannot but agree with the audit summation that Benefit Cost Ratio is the key for assessing economic viability of a project and emphasize that adopting a uniform parameter for calculation of Benefit Cost Ratio will ensure that Ministry is able to judge the outcome of the project more effectively.
5. The Committee observe that though the calculations of BCR are a pre-requisite in the DPRs, for determining the economic viability of the project, the inefficient fiscal management by the government has resulted in cost and time overrun in several projects under AIBP. The Committee are convinced that if sincere efforts are made in right earnestness, the Government can prudently manage implementation of the projects.
6. The Committee further draw attention to the glaring irregularities observed by Audit with regard to fictitious and fraudulent expenditure by the Government that has been left largely un-responded to by the Government in their reply. The Committee also note the failure of the Government to obtain the response from the State Government of Uttar Pradesh on the suspected irregular expenditure of ₹1.47 crores and the failure of the

Government to recover a suspected irregular payment of ₹ 2.63 crore in case of Karnataka Government. The Committee recommend the Ministry to pursue such cases vigorously and to its logical end.

7. The Committee recommend that Ministry should ensure that State Government's proposal should take into account all aspects of potential delays and also that the Ministry should not deter from invoking provisions for converting grants into loans, especially in cases of extreme delays beyond a reasonable period of time. The Committee express their dismay over short realisation of revenue and note that the reply of the Government is silent over instances noticed in case of short realisation of revenue by the Audit. The Committee recommend that the Government should take appropriate measure to realise all such short revenue and take strict action against the defaulting parties.

#### DEFICIENCIES IN WORK MANAGEMENT

8. The Committee note the various deficiencies in Management of work pointed out by Audit, like splitting of works to bypass approval at higher levels as per GFR, incorrect phasing of project, sub-standard execution, etc. The Committee desire that the Ministry advise State Governments to ensure appropriate checks in management of works and fix accountability for any deficiency. Furthermore, the Committee desire that the Ministry put in place a mechanism to monitor the due diligence of State Governments in adhering to such advice.

#### UNDUE BENEFITS TO CONTRACTORS

9. The Committee note the Audit observations on accrual of undue benefits to contractors and find that some ₹ 303.36 crore is involved in cases of undue benefits to Contractors, which are due to termination of contracts without invoking the risk and cost clause under the contract. The Committee also note the various reasons advanced by the Government, non-levy of liquidated damages, non recovery of advances and excess payments to contractors across various States, ranging from early onset of monsoon, hindrances due to local interference, mineral shortage and naxal activities. The Committee feel that individual cases be probed extensively and such misuse of public money be checked immediately. The Committee, therefore, recommend that Government may form a separate cell to examine all such cases of undue benefits to contractors, beginning with excess payments made and strive to recover the public money spent unfruitfully. The Committee also recommend that all efforts should be made to plug such loopholes.

**INEFFICIENT MONITORING OF THE SCHEME**

10. The Committee feel that more effective use of satellite imageries from NRSC with effective reconciliation from field reports will go a long way in effectively monitoring the Irrigation Potential and therefore, desire that the Ministry should take all possible steps to effectively reduce the variations between satellite imageries and field verifications to the extent possible, by working with the remote sensing authorities.

The Committee further recommend that all possible support be extended to strengthen participatory irrigation management through Water Users Associations. The Committee recommend that increasing participatory model of Water use will effectively tackle the issue of irrigation ills, provided the scheme of AIBP is strongly coordinated with users and their needs. The Committee feel that Water Users in local areas are well acquainted with local issues and the solutions emanating from their feedback should be seriously considered for inclusion under various schemes of the Government. While the Committee note that various impediments have been noted by the Ministry in the formation of Water Users Association, they also note the efforts by the Ministry in dealing with those impediments. The Committee, therefore, recommend that the Ministry increase their efforts to facilitate the formation of Water Users Association in each State/UT of India.

NEW DELHI;  
23 March, 2020  
3 Chaitra, 1942 (Saka)

ADHIR RANJAN CHOWDHURY  
Chairperson  
Public Accounts Committee

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