

**THE ACCELERATED IRRIGATION BENEFITS
PROGRAMME (AIBP)**

[Action Taken by the Government on the Observations/Recommendations of
the Committee contained in their 14th Report (17th Lok Sabha)]

**PUBLIC ACCOUNTS COMMITTEE
(2021-22)**

FORTY-SEVENTH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2275

FORTY-SEVENTH REPORT

PUBLIC ACCOUNTS COMMITTEE **(2021-22)**

(SEVENTEENTH LOK SABHA)

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[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 14th Report (17th Lok Sabha)]



Presented to Lok Sabha on: 16-03-2022
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**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2022/Phalguna, 1943 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2021-22)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Shri Bhartruhari Mahtab
6. Shri Jagdambika Pal
7. Shri Vishnu Dayal Ram
8. Shri Pratap Chandra Sarangi^{*}
9. Shri Rahul Ramesh Shewale
10. Shri Gowdar Mallikarjunappa Siddeshwara[†]
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 Shaktisinh Gohil
17. Shri Bhubaneswar Kalita
18. Dr. C.M. Ramesh
19. Shri Sukhendu Sekhar Ray
20. Dr. M. Thambidurai
21. Shri V. Vijayasai Reddy[‡]
22. Dr. Sudhanshu Trivedi[§]

SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri Surya Ranjan Mishra - Director
3. Shri Alok Mani Tripathi - Deputy Secretary

* Elected w.e.f. 29.07.2021 vice Smt. Darshana Jardosh, MP appointed as Minister of State w.e.f. 07.07.2021.

† Elected w.e.f. 29.07.2021 vice Shri Ajay Kumar Mishra, MP appointed as Minister of State w.e.f. 07.07.2021.

‡ Elected w.e.f. 09.08.2021 vice Shri Rajeev Chandrasekhar, MP appointed as Minister of State w.e.f. 07.07.2021.

§ Elected w.e.f. 09.08.2021 vice Shri Bhupender Yadav, MP appointed as Union Minister w.e.f. 07.07.2021.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2021-22), having been authorised by the Committee, do present this Forty-seventh Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fourteenth Report (Seventeenth Lok Sabha) on '**The Accelerated Irrigation Benefits Programme (AIBP)**' relating to the Ministry of Jal Shakti (Department of Water Resources, River Development and Ganga Rejuvenation).

2. The Fourteenth Report was presented to Lok Sabha/laid in Rajya Sabha on 19th September, 2020. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the Forty-seventh Report at their sitting held on 10th February, 2022. Minutes of the sitting are appended to Report (Appendix-I).

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold and form Part II of the Report.

4. 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.

5. An analysis of the action taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in the Fourteenth Report (Seventeenth Lok Sabha) is appended to the Report (Appendix-II).

NEW DELHI;
1th March, 2022
Phalgun, 1943 (*Saka*)

SHRI ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

REPORT

PART – I

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Fourteenth Report (17th Lok Sabha) on "**The Accelerated Irrigation Benefits Programme**".

2. The Fourteenth Report (17th Lok Sabha) which was presented to Lok Sabha/laid in Rajya Sabha on 19th September, 2020, contained 10 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministry of Jal Shakti and are broadly categorised as follows:

(i) Observations/Recommendations which have been accepted by the Government:

Para Nos. 1, 3, 4, 5, 7 and 10

Total: 06

Chapter - II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Para Nos. NIL

Total: NIL

Chapter - III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para Nos. 2, 6, 8 and 9

Total: 04

Chapter - IV

(iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Para Nos. NIL

Total: NIL

Chapter -V

3. The detailed examination of the subject by the Committee had revealed deficiencies in planning, implementation and monitoring of the programme, inclusion of projects under the scheme violating the scheme guidelines, irregular release of funds DPRs prepared without proper survey, in accurate assessment of water availability,

irrigation potential, incorrect calculation of cost benefit ratio, fictitious and fraudulent expenditure by the Government, delays in implementation of the Report, deficiencies in the work management undue benefits to the Contractors and inefficient monitoring of the Scheme etc. The Committee had accordingly given the Observations/Recommendations in their fourteenth Report on the Subject "The Accelerated Irrigation Benefits Programme'.

4. The Action Taken Notes submitted by the Ministry on the Observations/Recommendations of the Committee contained in their Fourteenth Report (Seventeenth Lok Sabha) have been reproduced in the relevant Chapters of this Report in the succeeding paragraphs. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which either need reiteration or merit comments.

5. The Committee desire the Ministry of Jal Shakti to furnish Action Taken Notes in respect of Observations/Recommendations contained in Chapter I and V within six months of the presentation of the Report to the House.

1. **DILUTION IN THE FOCUS AND OBJECTIVES OF THE PROGRAMME – CASE OF RONGAI VALLEY PROJECT**
(Observation/ Recommendation Para No. 2)

6. The Committee observed that AIBP's performance is below desired level due to various reason viz. inordinate delay in preparing detailed project reports (DPRs), 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 noted that the Ministry is unable to advance any plausible reason for inclusion of Rongai Valley project with a sanctioned cost of ₹ 16.30 Crore under AIBP without preparing DPR. The Committee further recommended 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 also noted 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 felt 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, recommended that effort may be made to trace and place the same before the Audit, during their regular audit. The Committee therefore, felt 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.

7. The Ministry of Jal Shakti had in their Action Taken Notes stated as under:

"i. AIBP scheme addresses only last mile funding, thus invariably all projects that are included under AIBP are already having a bankable DPR, and have been under implementation for a long period, before being considered for AIBP. Further, techno-economic appraisal and recommendation by the Advisory Committee of the Ministry, is a pre-requisite for taking up any project under AIBP. Yet during implementation, sometimes there are changes necessitated on account of surprises, or on account of further details that become available at the time of supplemental studies during implementation. The same are addressed appropriately by the implementing agency, in consultation with this Ministry for AIBP projects.

ii. 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. Though the DPR is yet to be located, but the TAC Note for the same is available. As per the procedure brought out above, and as per the TAC note, the project did undergo a comprehensive techno-economic evaluation. As the project was considered by the Advisory Committee almost 31 years ago, now it is difficult to ascertain the facts and details on the basis of which the project was accepted by the Committee.

iii. DPRs of four projects are now available and the efforts are being made to get the DPRs for balance projects from the State Govt. concerned. However, the TAC notes for projects are available, which have a wealth of information, for audit to be undertaken. Audit agencies are being requested to examine the DPRs of 4 projects, as well as the TAC Notes of the balance 10 projects, in case the DPRs do not become available till then.

iv. The Ministry is insisting on third party evaluation of the projects being funded by it, concurrently with their implementation. This is a technical as well as financial audit being undertaken by reputed institutions, whereby close scrutiny of the implementation of the project is being done. The implementation agencies have their own multi-tier audit mechanism in place. Further, post completion also, studies and performance evaluation is being done on behalf of the Ministry."

8. The Audit, on the action taken by the Ministry, has commented as follows:

"i. As stated by the Ministry, projects included under AIBP already have a DPR. However, in view of the deficiencies observed in the DPR, Ministry may inform the PAC of the action taken to attend to and redress the shortfalls and deficiencies in preparation and processing of DPRs.

ii. In view of the failure to trace the DPR of Rongai Valley, Ministry needs to ensure that critical project records are duly preserved. Ministry may inform the PAC of the action taken to improve the documentation and record keeping of critical project documents.

iii. Details of the 4 projects for which DPRs are now available may be provided, so as to examine the same during the next audit.

iv. The third party evaluation of the project is yet to be finalized. The Department may provide the updated status of the third party evaluation of the project to PAC."

9. In their final comments, the Ministry of Jal Shakti has submitted as under:-

I. "The DPR is prepared as per guidelines issued by CWC. Further, a comprehensive appraisal is to be done by CWC, based on which the Advisory Committee on Irrigation, Flood Control and Multipurpose Projects under this Ministry, headed by Secretary, DoWR, RD & GR, accepts the said DPR for its techno-economic viability. Only then the project is taken up for investment clearance, and thereafter possible funding. The procedure is streamlined. The only issue sometime reported by the State Governments pertains to delays. However, now with introduction of e-PAMS, the DPRs are necessarily to be submitted in the e-PAMS portal, and the entire appraisal process is monitored transparently, with time stamping, on the portal.

II. With the DPRs now on e-PAMS. Their documentation and record keeping is being taken care of.

iii. The above 5 projects for which DPRs are now available, include Dhansiri Irrigation Project (Assam), Kanupur Irrigation Projection (Odisha), Champamati Irrigation Project (Assam). Restoration of Kosi Barrage and its Appurtenants (Bihar) and Tadipudi Lift Irrigation Scheme (Andhra Pradesh). Further, for the 06 projects, namely, (1) Barolia (Assam) (2) Modernisation of Jamuna Irrigation (Assam), (3) Manu (Tripura), (4) Khowai (Tripura), (5) Tillari (Goa), (6) Guddada Mallapura (Karnataka), Technical Advisory Committee (TAC) Note, which is an abstract of DPRs and contains all technical and Financial information about the project, is also available for examination during next audit.

iv. In the proposed extension of the scheme during 2021-26, provision has been kept for third party evaluation of the projects, through the project management unit (PMU). The PMU agency is to be decided by NWDA under this Ministry, based on tender.

10. The Committee in their original report observed that performance of Accelerated Irrigation Benefits Programme (AIBP) is not up to the desired level due to inordinate delay in preparation of Detailed Project Reports (DPRs) and wastage of public money by sanctioning amounts for projects which have no DPRs. In view of this, Committee recommended that all shortfalls and deficiencies on this count may be resolved immediately. The Committee also noted that Ministry had no reasonable explanation for sanctioning ₹ 16.30 crore

for 'Rongai Valley Project' without preparing a DPR. The Committee had recommended taking action against those directly or indirectly responsible for wastage of money.

The Committee further noted that Ministry had not supplied DPRs of 14 sanctioned MMI Projects costing more than ₹ 10,500 crore to audit for verification.

The Committee are distressed to note that the Ministry has also not given any details of steps it has taken to avoid delay in preparation of DPRs and thereby save on expenditure going waste. The plea taken by the Ministry is that all projects that are included under AIBP have bankable DPRs, as the fund under this scheme is extended to projects which are under implementation for a long period. Contrary to this, the Committee found, as explained above, there was no DPR for Rongai Valley projects and audit was not given DPRs in respect of 14 MMI projects. Assumably these were not available. The Committee find the plea of the Ministry is not supported by facts and no action is taken for these derelictions/omissions causing wastage of public money. The Committee therefore, reiterate their earlier recommendation for fixing responsibility in the matter.

11. The Committee also concerns with the observation of Audit that the Ministry needs to ensure that critical projects records are duly preserved. The Committee recommends that Ministry must take steps to improve the documentation and record keeping of critical project documents and action taken in this regard must be communicated to the Committee.

12. The Committee had specifically emphasized on fixing responsibility in case of ₹ 16.30 crore Rongai Valley Project where the amount was sanctioned for the project though there was no DPR. The Committee are disappointed to note that the Ministry has not taken any positive action in the matter and has submitted before the Committee that since 'the Advisory Committee took its decision long ago, it is difficult to ascertain facts and details on the basis of which the project was accepted'. Ignoring wasteful expenditure of ₹ 17.90 crore and also not taking action in line with the recommendation of the Committee is a major disappointment for the Committee and is indicative of the Ministry not looking into the matter with due seriousness and being hesitant to take any action against the errant. The Committee, therefore, strongly reiterate their

recommendation for identifying and taking stringent action on the persons involved in sanctioning the amount without a DPR for the Rongai Valley Project.

II. INEFFICIENT FISCAL MANAGEMENT OF AIBP
(Observation/Recommendation No. 4)

13. The Committee noted that as per guidelines for preparation of detailed project reports of irrigation and multipurpose project, 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 could not 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.

14. The Ministry in its action taken replies mentioned that for calculation of BC Ratio, as also for Financial Return Statements and Internal Rate of Return for irrigation component of a project, is being done in the Ministry strictly in confirmation of the procedure prescribed in "Guidelines for Preparation of DPR of Irrigation and Multipurpose Projects 2010".

15. The various inputs required for assessment of annual cost and annual benefits for the purpose of BC Ratio are project specific, such as parameters related to soil characteristics, agro-climatic conditions, cropping pattern, crop productivity, etc. The same vary largely from project to project, and are generally provided by the concerned State Governments. Similarly, many other parameters such as cost of land development depends up on the quantum of OFD works involved; annual benefit on pre-post project is based on the data provided by the project authorities in consultation with their State Agriculture Departments, annual operation & maintenance cost depends on the norms/recommendations of the Finance Commission. Thus BC Ratio calculations are primarily normative and based on the inputs provided by the State Governments concerned.

16. Ministry mentioned that the concerns of the PAC have been noted for compliance. The 14th report of PAC has also been forwarded to Central Water Commission to take note of the same and necessary action in this regard.

17. Audit in their vetting comments mentioned as follows:

“As divergences from the guidelines in calculation of BCR and inflated values of yield of various good grains and annual benefit were still observed in audit, Ministry needs to ensure that the guidelines for calculation of BCR are strictly observed.

Action being taken by CWC on the recommendation of the PAC may also be reported.”

18. The Ministry in reply to further audit observations mentioned as under:

“In this regard, a working group has been constituted vide Office Order No. P-15011/14/2021-O/o Comm (SPR)-MOWR/1559-70 dated 6th July, 2021, under Member (WP&P) and ex-officio Additional Secretary to the Government of India. The group is to submit its report within two months.”

19. The Committee noted that as per guidelines of detailed project reports of irrigation and multi purpose projects, the benefit cost ratio is 1 for Drought Prone Areas and 1.5 for other areas. The Committee observed that while there is a standard and uniform process prescribed for Benefit Cost Ratio in reality CWC and other project authorities are not adopting uniform parameters for calculation of BCR. The Committee had emphasized the necessity of following a uniform BCR.

20. The Ministry, in their Action Taken Reply have mentioned that for calculation of BC Ratio, as also for Financial Return Statements and Internal Rate of Return for irrigation component of a project, the process is being done strictly in conformation of the procedure prescribed in “Guidelines for Preparation of DPR of Irrigation and Multipurpose Projects, 2010.” In a further action taken reply, the Ministry has informed the Committee that on 6th July, 2021 a working Group under Member (WP&P) and ex-officio Additional Secretary to the Government of India has been constituted and the Group is to submit its report within two months.

21. The Committee desire that the findings/suggestions of the Working Group as well as details of the action taken thereon be placed before the Committee at the earliest.

III. **INEFFICIENT FISCAL MANAGEMENT OF AIBP**
(Observation/ Recommendation Para No. 6)

22. 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 Rs 1.47 crores and the failure of the Government to recover a suspected irregular payment of Rs 2.63 crore in case of Karnataka Government. The Committee recommended the Ministry to pursue such cases vigorously and to its logical end.

23. The Ministry of Jal Shakti had in their Action Taken Notes stated as under:

"AIBP projects 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 was sent to states. The report of the PAC was also sent to them for informing the Action taken in this regard. Further information given by states is as under:

Upper Tunga Project, Karnataka:

a. The Departmental Enquiry has been conducted by the Deputy Commissioner, Haveri District, against Sh. H.V.Halabhavi, in-charge, Sirastedar and disciplinary action has been initiated vide order letter no: DC/HAV/16016/46/2016/HAV/EST01/ dt: 25/11/2016. Also a case has been filed against Sri H.V. Halabhavi and others before the Civil Court Ranebennur. Further, Rs 50.61 lakh has been recovered and the balance Rs 47.23 lakh is yet to be recovered.

b. The investigation regarding irregularities in payment of compensation in the office of Special Land Acquisition Officer, has been conducted by CAO KNNL (Admn), Dharwad and based on the recommendations, the 3 officials have been duly suspended vide GO dt: 28/10/2013. Further, the relevant records have been 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 is awaited.

Hardoi Project, Uttar Pradesh:

In this regard, the Government of Uttar Pradesh has informed that after the proper examination of the records (approved estimates and measurement books), it has found that there is neither duplication of work nor there is any fraudulent payment of ₹ 1.47 crores."

24. The Audit has commented:

"Further progress made in the case of Upper Tunga Project, Karnataka in recovery of the remaining amount, court case against the officials and report of the CID may be informed to the PAC.

The audit observation was related to repeated works at the same chainages of Hardoi Branch System. Restoration works of Hardoi Canal System were split in small parts and on examination it was found that in five cases the same works were awarded twice for the same or overlapping chainage of the canal. In all the five referred cases, the works were "Restoration of Internal Section" which were executed twice resulting in avoidable expenditure of ₹ 1.47 crore.

Pr. AG (Audit) Uttar Pradesh has informed that it is evident from the above mentioned cases that common reaches were involved in all the works which were already executed either by the same contractor or another contractor a few months earlier. Hence, the reply of the Ministry stating that the Government of UP has found that there is neither duplication of work nor there is any fraudulent payment of ₹ 1.47 crores is not acceptable."

25. In their final comments, the Ministry of Jal Shakti has stated as under:-

"Upper Tunga Project: Government of Karnataka has conveyed that the investigation in the matter has been completed by Economic Offences Division, CID, Bangalore and charge sheet is under preparation. At present, the report of CID authorities is still awaited.

Hardoi Branch System: Government of Uttar Pradesh has been asked to review the matter and provide the clarifications on the issue raised by PAC."

26. **The Committee note that the Ministry have forwarded the replies of the concerned State Governments without verifying facts on the basis of which audit has submitted its findings. The suspected irregular expenditure which went largely unexplained by the State Governments has been condoned by the Ministry in an oblique manner. The Committee note that a part of the public money has been retrived in the case of Upper Tunga Project in Karnataka, while investigations are at different stages in case of Dharwad Project. Specifically, in case of Hardoi Project in Uttar Pradesh, the Ministry has chosen to inform that as against the suspected fraudulent payment noted by the Audit 'there is neither duplication of work nor there is any fraudulent payment of ₹ 1.47 crores.'**

27. **The Committee find it surprising that the Ministry has not chosen to furnish any details in this regard and has simply furnished the communication of the State Government without verifying facts from any other authentic verifiable source. The Committee recommend that the Ministry of Jal Shakti engage with the State Government to find out the basis of audit findings and report back to the Committee. The Audit may also be consulted to sort out the contradictions found in both the findings. The Committee feel that the Ministry of Jal Shakti cannot ignore the suspected mishandling of public money and recommend that the facts on the basis of which Audit has arrived at the conclusion along with the**

facts on the basis of which State Government has reached its findings should be further analysed by the Ministry in consultation with Audit. The Committee reiterate their recommendation that the Ministry of Jal Shakti should pursue such cases vigorously to their logical end. The Committee also recommend that the above exercise may be completed within six months in respect of all such cases pointed out by the Audit in its Report and the outcome in each case be intimated to the Committee.

**IV. DEFICIENCIES IN WORK MANAGEMENT
(Observation/Recommendation Para No. 8)**

28. The Committee note that 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.

29. The Ministry of Jal Shakti had in their Action Taken Notes stated as under:

"AIBP project are executed by the State Governments. All contract matters were handled by State Govts. Therefore, Audit report and report of the PAC have been sent to States for further necessary action in this regard. However, the Ministry is insisting on use of time tested project management tools to scientifically monitor the planning and progress in the AIBP projects, based on which specific issues are flagged by the monitoring agencies of the Ministry."

The Ministry has also mentioned that adequate multi-tier mechanisms are already in place, to monitor the due diligence of the State Governments.

30. The Audit has further commented as follows:

"It is a fact that deficiencies in works management were observed in execution of the projects. The Ministry needs to strengthen its monitoring mechanisms as recommended by the PAC and apprise the PAC of the action taken on the issues, if any, that have been flagged by the monitoring agencies of the Ministry."

31. In their final comments, the Ministry of Jal Shakti has stated as under:-

"In the proposal for extension of the Scheme during 2021-26, the provisions for monitoring of projects, including third party evaluation through PMU is proposed to be continued with additional focus.

Additional measures for monitoring, as suggested by PAC, are proposed to be incorporated in the guidelines of the scheme for implementation during 2021-26, to be modified after its approval."

32. The Committee note the reply of the Ministry of Jal Shakti regarding their jurisdictional limitation as the matter of contracts in AIBP projects are handled by the respective State Governments. The Ministry of Jal Shakti in their reply have stated that the Ministry is insisting on the use of time tested project management tools to scientifically monitor the planning and progress of AIBP Projects, based on which specific issues are flagged by the monitoring agencies of the Ministry. The Committee also note that the 'Ministry of Jal Shakti is satisfied with the multitier mechanisms in place, to monitor the due diligence of the State Governments. The Committee desire that the measures taken to strengthen the monitoring system during extension of the scheme during 2021-2026 be intimated to the Committee at the earliest.

V. UNDUE BENEFITS TO CONTRACTORS
(Observation/ Recommendation Para No. 9)

33. The Committee note that 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 unfruitful. The Committee also recommend that all efforts should be made to plug such loopholes.

34. The Ministry of Jal Shakti had in their Action Taken Notes stated as under:

"AIBP projects 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 was sent to states. The report of the PAC was also sent to them for informing the Action taken in this regard."

35. The Audit has commented:

"While projects are planned, executed and maintained by the States, the Ministry needs to consider that the activities under the projects are being done through substantial funding by the Centre. As such, Ministry needs to take cognizance of the instances of Undue benefits to contractors pointed out in the Audit Report

and take appropriate action to examine and probe the same as recommended by the PAC. Action taken on the PAC recommendation of forming a separate cell to examine all cases of undue benefits to contractors may be reported to the PAC."

36. In their final comments, the Ministry of Jal Shakti has stated as under:-

"Once the extension of the scheme is approved for the period 2021-26, necessary provisions for a separate cell under this Ministry to examine and coordinate all such cases of undue benefits to the contractors, are proposed to be included in the guidelines."

37. The Committee, in their original report, have expressed anguish over the Audit Finding that as much as ₹ 303.36 crores was involved in cases of undue benefits to the Contractors by terminating contracts without invoking the risk and cost clause under the contract. The Committee also noted that the Ministry advanced various reasons in this regard viz. non-levy of liquidated damages, non-recovery of advances, early onset of monsoon, hindrances due to local interference, mineral shortage and naxal activities. The Committee have recommended investigation of individual cases to check misuse of public funds. The Ministry have no reply regarding this recommendation. Stressing on the need for recovering such amounts, the Committee had suggested forming a special Cell to monitor the various communications and engagements with respective State Governments. However, the Ministry of Jal Shakti, have, in their reply merely stated that they have forwarded the Audit Reports to the State Governments. The Committee deprecate such casual approach of the Ministry as a major portion of funding is being done by the Ministry under AIBP and it should not wash its hands off from the implementation part altogether and allowing undue benefits to the Contractors which as per Audit is to the tune of ₹ 303.36 crore in various cases of AIBP Projects. The Committee, therefore, reiterate the need for forming a special cell for communicating and engaging with the State Governments on the matter.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

OBSERVATION AND RECOMMENDATION

INCLUSION OF PROJECTS UNDER AIBP

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 Government 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 to be taken scrupulously and rigorously adhere to the guidelines and timelines thus framed.

[Part II, Para 1 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

i. The basic objective of providing last mile funding for projects held up due to financial constraints, has remained the same under AIBP, right since its inception. However, with time and change in circumstances, the guidelines have evolved over the years. One such evolution has been in terms of necessitating special focus on different regions or projects, 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.

ii. Implementation strategy for any scheme evolves with time, and it is imperative to make need-based changes from time to time, based on the experience. The eligibility criteria and norms of AIBP have accordingly been revisited from time to time as per the emerging needs. It is also relevant to mention that on most occasions, there have been minimal changes, primarily driven by the need to address a specific issue or bottleneck, except when during 2016-17, the AIBP scheme underwent a paradigm shift when it became a part of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) – AIBP component. In the new format, the pre-identified 99 schemes were taken up in a focussed manner, in a mission mode, to be completed by December 2019. Further, for

the first time NABARD funding was arranged for Central as well as State Share, as against budgetary support. Accordingly, changes were made in the implementation strategy of the scheme, to ensure timely funding arrangements for both State & Central share through NABARD. Accordingly, some changes were required to be made in the norms of AIBP.

iii. During the various review meetings of the PMKSY-AIBP, discussions were held with the representatives of the States/ UTs regarding change/ modifications in the existing guidelines of the scheme. Based on the inputs received and the experience gained during the implementation of the scheme, a comprehensive updation of the guidelines is proposed for implementation of the new version of the Scheme with effect from next financial year, the EFC for which is being proposed by this Ministry. However, as suggested by the Committee, revision is proposed only after detailed discussions with the various stakeholders.

iv. The Ministry has strived to scrupulously and rigorously adhere to the guidelines and timelines in vogue, for implementation of AIBP. The same is proposed to be continued henceforth.

Audit Remarks

The fact remains that only 44 out of 99 projects were completed. As such, the Ministry needs to relook whether the changes made in the guidelines over a period of time have served to expedite completion of the projects, which was the primary goal of AIBP. Ministry needs to review the scheme on the direction suggested by the PAC. Progress made in reviewing and updating the guidelines may be informed to the PAC.

OBSERVATION AND RECOMMENDATION

The Committee note that the CWC has developed e-PAMS system to fast track 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.

[Part II, Para 3 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

The experience of all the stakeholders in ePAMS has so far been very encouraging. It offers close, time bound, detailed monitoring of the appraisal, in a transparent way. All efforts are being made to strictly adhere to the timelines prescribed for appraisal and compliance.

Further, the portal is also evolving with time, whereby any shortcomings/ supplementation required is being addressed promptly, through the professional development team under aegis of NIC, to make to more objective, quantifiable data and with unambiguous timelines.

Audit Remarks

The progress made with regard to incorporating all the quantifiable and objective data into the e-PAMS system as recommended by the PAC may be updated.

OBSERVATION AND RECOMMENDATION

INEFFICIENT FISCAL MANAGEMENT OF AIBP

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.

[Part II, Para 4 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

For calculation of BC Ratio, as also for Financial Return Statements and Internal Rate of Return for irrigation component of a project, is being done in the Ministry strictly in confirmation of the procedure prescribed in "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, such as parameters related to soil characteristics, agro-climatic conditions, cropping pattern, crop productivity, etc. The same vary largely from project to project, and are generally provided by the concerned State Governments. Similarly, many other parameters such as cost of land development depends up on the quantum of OFD works involved; annual benefit on pre and post project is based on the data provided by the project authorities in consultation with their State Agriculture Departments; annual operation & maintenance cost depends on the norms/ recommendations of the Finance Commission. Thus BC Ratio calculations are primarily normative and based on the inputs provided by the State Governments concerned.

However, the concerns of the PAC have been noted for compliance. The 14th report of PAC has also been forwarded to Central Water Commission to take note of the same and necessary action in this regard.

Audit Remarks

As divergences from the guidelines in calculation of BCR and inflated values of yield of various food grains and annual benefit were still observed in audit, Ministry needs to ensure that the guidelines for calculation of BCR are strictly observed.

Action being taken by CWC on the recommendation of the PAC may also be reported.

OBSERVATION AND RECOMMENDATION

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.

[Part II, Para 5 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

During implementation of an irrigation project, there are many aspects such as land acquisition, Resettlement and Rehabilitation of the project affected population, Statutory clearances for Environment, Forest, Tribal population, litigation, geological surprises, issues of Railway/National Highway crossings, etc., which cannot be closely predicted or addressed. Many of these reasons translate to major cost over-run.

In order to seek better fiscal management and minimizing unforeseen factors, regular review meetings are held with the implementing agencies of AIBP projects, right up to the level of the Hon'ble Prime Minister, and Hon'ble Minister of Jal Shakti. These meetings go a long way in resolving many long-standing issues.

Also, a Mechanism with Nodal Officers from each establishment namely Railways, National Highway Authority of India (NHAI), DoWR, RD&GR has been formed for early resolution of bottlenecks. Frequent meetings are being held at the level of Nodal Officers to sort out issues related to Railway crossings / Highway crossings.

Further, frequent monitoring through field visit is being done by CWC, Project Management Unit of the Ministry, NABARD and Niti Aayog. The Monitoring Reports elaborated the progress and bottlenecks issues related to projects were discussed in various meetings and effectiveness of same is visible from the facts given above.

As a result of these efforts, within 4 years of inception of PMKSY, 44 projects have been completed, and in addition 22 more projects have now achieved progress of 90% or more.

Audit Remarks

AIBP guidelines stipulate that necessary statutory clearances be either obtained at the approval stage of the project and in an expeditious manner. In case of land acquisition, AIBP guidelines stipulate that while processing release of Central Assistance the same should be made commensurate with works related to land under possession. However, there were delays in obtaining statutory clearances, acquisition of land, Rehabilitation & Resettlement. As 44 out of 99 projects scheduled to be completed by December 2019, have only been completed, the Ministry needs to take concerted efforts to address the bottlenecks in smooth implementation of the projects, so that these are expedited and completed at the earliest. Further progress in achieving objectives of the remaining projects may be reported to the PAC.

OBSERVATION AND RECOMMENDATION

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 also 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 realization of revenue and note that the reply of the Government is silent over instances noticed in case of short realization of revenue by the Audit. The Committee recommend that the Government should take appropriate measure to realize all such short revenue and take strict action against the defaulting parties.

[Part II, Para 7 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

As brought out in Observation 5, execution of irrigation and multipurpose projects is very challenging task, with large number of issues beyond the control of the implementing agencies. Thus based on merits, time extension is being given by the competent authority.

Further, it is submitted that collection of revenue is not a part of AIBP programme as such, but responsibility of the State concerned, as per their policies. However, Audit report has been sent to States for necessary action in this regard.

Audit Remarks

The reply of the Ministry on realization of revenue is in contradiction to Clause C (i) (b) of the AIBP guidelines effective from 01.04.2004, on "special provisions for reforming States" relating to MMI projects. Ministry may pursue the matter with the States to ensure that revenue due to the Government is duly collected. Action taken in this regard and on the cases pointed out in the Audit Report may be informed to the PAC.

OBSERVATION AND RECOMMENDATION

INEFFICIENT MONITORING OF THE SCHEME

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.

[Part II, Para 10 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

i. Cropped Area estimation in the command of 99 priority projects is being carried out annually through remote sensing by Bhaskaracharya Institute for Space Applications and Geo informatics (BISAG). Recently a geo tagging application has been introduced by DoWR, RD&GR which will also be very useful. GIS based Application has been developed for geo-tagging of project components in real time. Remote Sensing and GIS techniques have been used for digitization of the canal network of the projects

ii. Online Management Information System (MIS) has been developed for monitoring of the projects. A nodal officer for each of the 99 priority projects has been identified who updates the physical and financial progress of the project regularly in the MIS.

iii. Regarding Participatory Irrigation Management, there is a separate wing under this Ministry for Command Area Development and Water Management (CADWM). The unit is in close coordination with the States, for implementation of CADWM works, for which funding is also being done by this Ministry, as per existing guidelines. Under CADWM Program of the Central Government, lot of stress is being laid on Participatory Irrigation Management through formation of empowered Water Users Association. The CADWM guidelines mandates creation of WUA's, their capacity building through training / demonstration; their financial empowerment through release of functional grants and infrastructure grant; and handing over of CADWM assets for operation and maintenance. As a follow up of Committee's recommendations and in line with CADWM guidelines, the matter has been taken up with State Governments.

Audit Remarks

The Ministry may report on the steps taken to reduce the variations between satellite imageries and field verification to PAC. The Ministry may also provide updated status of formation of Water Users Association in States/UTs to the PAC.

CHAPTER III

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE
GOVERNMENT**

-Nil-

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

OBSERVATION AND RECOMMENDATION

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

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 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.

[Part II, Para 2 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

- i. AIBP scheme addresses only last mile funding, thus invariably all projects that are included under AIBP are already having a bankable DPR, and have been under implementation for a long period, before being considered for AIBP. Further, techno-economic appraisal and recommendation by the Advisory Committee of the Ministry, is a pre-requisite for taking up any project under AIBP. Yet during implementation, sometimes there are changes necessitated on account of surprises, or on account of further details that become available at the time of supplemental studies during implementation. The same are addressed appropriately by the implementing agency, in consultation with this Ministry for AIBP projects.
- ii. 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. Though the DPR is yet to be located, but the TAC Note for the same is available. As per the procedure brought out above, and as per the TAC note, the project did undergo a comprehensive techno-economic evaluation. As the project was considered by the Advisory Committee almost 31 years ago, now it is difficult to ascertain the facts and details on the basis of which the project was accepted by the Committee.

iii. DPRs of four projects are now available and the efforts are being made to get the DPRs for balance projects from the State Govt. concerned. However, the TAC notes for projects are available, which have a wealth of information, for audit to be undertaken. Audit agencies are being requested to examine the DPRs of 4 projects, as well as the TAC Notes of the balance 10 projects, in case the DPRs do not become available till then.

iv. The Ministry is insisting on third party evaluation of the projects being funded by it, concurrently with their implementation. This is a technical as well as financial audit being undertaken by reputed institutions, whereby close scrutiny of the implementation of the project is being done. The implementation agencies have their own multi-tier audit mechanism in place. Further, post completion also, studies and performance evaluation is being done on behalf of the Ministry.

Audit Remarks

i. As stated by the Ministry, projects included under AIBP already have a DPR. However, in view of the deficiencies observed in the DPR, Ministry may inform the PAC of the action taken to attend to and redress the shortfalls and deficiencies in preparation and processing of DPRs.

ii. In view of the failure to trace the DPR of Rongai Valley, Ministry needs to ensure that critical project records are duly preserved. Ministry may inform the PAC of the action taken to improve the documentation and record keeping of critical project documents.

iii. Details of the 4 projects for which DPRs are now available may be provided, so as to examine the same during the next audit.

iv. The third party evaluation of the project is yet to be finalized. The Department may provide the updated status of the third party evaluation of the project to PAC.

OBSERVATION AND RECOMMENDATION

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 Rs 1.47 crores and the failure of the Government to recover a suspected irregular payment of Rs 2.63 crore in case of Karnataka Government. The Committee recommended the Ministry to pursue such cases vigorously and to its logical end.

[Part II, Para 6 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

AIBP projects 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 was sent to states. The report of the PAC was also sent to them for informing the Action taken in this regard. Further information given by states is as under:

Upper Tunga Project, Karnataka:

a. The Departmental Enquiry has been conducted by the Deputy Commissioner, Haveri District, against Sh. H.V. Halabhavi, in-charge, Sirastedar and disciplinary action has been initiated vide order letter no: DC/HAV/16016/46/2016/HAV/EST01/ dt: 25/11/2016. Also a case has been filed against Sri H.V. Halabhavi and others before the Civil Court Ranebennur. Further, Rs 50.61 lakh has been recovered and the balance Rs 47.23 lakh is yet to be recovered.

b. The investigation regarding irregularities in payment of compensation in the office of Special Land Acquisition Officer, has been conducted by CAO KNNL (Admn), Dharwad and based on the recommendations, the 3 officials have been duly suspended vide GO dt: 28/10/2013. Further, the relevant records have been 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 is awaited.

Hardoi Project, Uttar Pradesh:

In this regard, the Government of Uttar Pradesh has informed that after the proper examination of the records (approved estimates and measurement books), it has found that there is neither duplication of work nor there is any fraudulent payment of Rs.1.49 crores.

Audit Remarks

Further progress made in the case of Upper Tunga Project, Karnataka in recovery of the remaining amount, court case against the officials and report of the CID may be informed to the PAC.

The audit observation was related to repeated works at the same chainages of Hardoi Branch System. Restoration works of Hardoi Canal System were split in small parts and on examination it was found that in five cases the same works were awarded twice for the same or overlapping chainage of the canal. In all the five referred cases, the works were "Restoration of Internal Section" which were executed twice resulting in avoidable expenditure of Rs.1.49 crore.

Pr. AG (Audit) Uttar Pradesh has informed that it is evident from the above mentioned cases that common reaches were involved in all the works which were already executed either by the same contractor or another contractor a few months earlier. Hence, the reply of the Ministry stating that the Govt. of UP has found that there is neither duplication of work nor there is any fraudulent payment of Rs.1.49 crores is not acceptable.

OBSERVATION AND RECOMMENDATION

DEFICIENCIES IN WORK MANAGEMENT

The Committee note that 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.

[Part II, Para 8 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

AIBP project are executed by the State Governments. All contract matters were handled by State Govts. Therefore, Audit report and report of the PAC have been sent to States for further necessary action in this regard. However, the Ministry is insisting on use of time tested project management tools to scientifically monitor the planning and progress in the AIBP projects, based on which specific issues are flagged by the monitoring agencies of the Ministry.

As brought out in Observation 2 above, adequate multi-tier mechanisms are already in place, to monitor the due diligence of the State Governments.

Audit Remarks

It is a fact that deficiencies in works management were observed in execution of the projects. The Ministry needs to strengthen its monitoring mechanisms as recommended by the PAC and apprise the PAC of the action taken on the issues, if any, that have been flagged by the monitoring agencies of the Ministry.

OBSERVATION AND RECOMMENDATION

UNDUE BENEFITS TO CONTRACTORS

The Committee note that Audit observations on accrual of undue benefits to contractors and find that some Rs 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 unfruitful. The Committee also recommend that all efforts should be made to plug such loopholes.

[Part II, Para 9 of the 14th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken by the Ministry

AIBP projects 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 was sent to states. The report of the PAC was also sent to them for informing the Action taken in this regard.

Audit Remarks

While projects are planned, executed and maintained by the States, the Ministry needs to consider that the activities under the projects are being done through substantial funding by the Centre. As such, Ministry needs to take cognizance of the instances of Undue benefits to contractors pointed out in the Audit Report and take appropriate action to examine and probe the same as recommended by the PAC. Action taken on the PAC recommendation of forming a separate cell to examine all cases of undue benefits to contractors may be reported to the PAC.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE
GOVERNMENT HAVE FURNISHED INTERIM REPLIES

-Nil-

NEW DELHI;

March, 2022
Phalguna, 1943 (*Saka*)

ADHIR RANJAN CHOWDHURY

Chairperson,
Public Accounts Committee

MINUTES OF THE TENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 10th FEBRUARY, 2022.

The Public Accounts Committee sat on Thursday, the 10th February, 2022 from 1500 hrs. to 1555 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

Members

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Bhartruhari Mahtab
4. Shri Vishnu Dayal Ram
5. Shri Rahul Ramesh Shewale
6. Dr. Satyapal Singh
7. Shri Rajiv Ranjan Singh alias Lalan Singh
8. Shri Jayant Sinha
9. Shri Ram Kripal Yadav

RAJYA SABHA

10. Shri Shaktisinh Gohil
11. Shri Bhubaneswar Kalita
12. Shri C.M.Ramesh
13. Shri V. Vijayasai Reddy
14. Dr. Sudhanshu Trivedi

LOK SABHA SECRETARIAT

1. Shri T.G. Chandrashekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Shri S.R. Mishra - Director
4. Smt. Bharti S. Tuteja - Additional Director

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Shri Rakesh Mohan - Dy. C&AG
2. Shri Raj Ganesh Viswanathan - Dy C&AG
3. Smt. Ritika Bhatia - Director General

PART-A

2. At the outset, the Chairperson welcomed the Members of the Committee and the Officers of the C&AG of India to the Sitting of the Committee. He then apprised the Members of the following three agenda items before the Committee:

- | | | | |
|------|---|------|------|
| i. | XXXX | XXXX | XXXX |
| ii. | XXXX | XXXX | XXXX |
| iii. | Consideration and adoption of 4 draft reports. | | |
| 3. | XXXX | XXXX | XXXX |
| 4. | XXXX | XXXX | XXXX |
| 5. | XXXX | XXXX | XXXX |
| 6. | XXXX | XXXX | XXXX |
| 7. | XXXX | XXXX | XXXX |
| 8. | Thereafter, the Committee took up for consideration the following Reports: | | |
| i. | XXXX | XXXX | XXXX |
| ii. | XXXX | XXXX | XXXX |
| iii. | XXXX | XXXX | XXXX |
| iv. | Draft Report on action taken by the Government on the Observations/Recommendations of the Committee contained in their Fourteenth Report (Seventeenth Lok Sabha) on "The Accelerated Irrigation Benefits Programme". | | |
| 9. | XXXX | XXXX | XXXX |
| 10. | Following some deliberations, the Committee adopted the aforesaid four Reports without any change/modification. The Committee also authorized the Chairperson to finalise the aforesaid Reports on the basis of factual verification and present the same to the Hon'ble Speaker/ Parliament. | | |

PART-B

- | | | | |
|-----|------|------|------|
| 11. | XXXX | XXXX | XXXX |
| 12. | XXXX | XXXX | XXXX |
| 13. | XXXX | XXXX | XXXX |
| 14. | XXXX | XXXX | XXXX |
| 15. | XXXX | XXXX | XXXX |

The witnesses then withdrew.

The Committee then adjourned.

A copy of the transcript of audio recording of the proceedings of the sitting has been kept on record.

APPENDIX-II
(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR FOURTEENTH REPORT (SEVENTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	10
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. - 1, 3, 4, 5, 7 and 10	Total : 06 Percentage: 60%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para Nos. – NIL	Total : 00 Percentage: 00
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para Nos. - 2, 6, 8, and 9	Total : 04 Percentage: 40%
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: Para Nos. – NIL	Total : 00 Percentage: 00