

## **Conclusion and Recommendations**



## Conclusion

Sixteen National Projects were identified by the Government in view of their national importance with the fundamental objective of expediting their completion and delivery of the envisaged benefits. This fundamental objective remained unachieved even after almost a decade of existence of the scheme with only five projects being actually under implementation. A total expenditure of ₹ 13,299.12 crore had been incurred on these five projects as of March 2017. Despite the huge expenditure incurred, none of the five projects were near completion and the anticipated benefits in terms of creation of irrigation potential and augmentation of water and power generation were yet to accrue.

The shortfall in terms of physical progress in different components of the projects ranged from eight to 99 *per cent* in the five projects under implementation along with an overall cost escalation of 2,341 *per cent* that threatened the economic viability of the projects. Only 15 *per cent* and 37 *per cent* of the intended irrigation potential envisaged for all the 16 projects and the five projects under implementation respectively has been utilised so far. Further, there has been no achievement of the other associated benefits in terms of additional power generation, drinking water and additional reservoir capacity except 0.53 MAF capacity created in the Gosikhurd Project.

The tardy implementation and cost escalation was attributable to management failures and deficiencies in terms of non-adherence to codal provisions relating to survey and investigations that are an essential ingredient for preparation of detailed project reports, ensuring statutory clearances for the project sites and administrative delays in land acquisitions. This was compounded by inefficient Rehabilitation and Resettlement measures that further hindered progress of the projects. This resulted in additional cost of ₹ 1,331.91 crore due to revisions in agreements and ₹ 82.35 crore on account of payment of interest arising from delayed payment of compensation.

There was undue delay in processing of proposals, delay in obtaining statutory clearances, non-adherence to codal provisions and rules and poor contract management and enforcement that contributed to cost escalations and delays in execution. The failure of the project authorities to ensure compliance with and enforce contract terms led to non-recovery of ₹ 32.16 crore from defaulting contractors as well as cost escalation of ₹ 224.54 crore. The departmental authorities also released ₹ 72.13 crore to contractors over and above the agreement terms on the ground of urgency or to expedite works. This amounted to financial assistance to contractors from public funds. However, even this did not substantially improve the slow pace of works. Further, deviation from codal provisions and tender/agreement terms provides no assurance as to the transparency and objectivity of the process of selection of contractors, award of works and their execution.

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

### **Recommendations**

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Based on our audit findings, it is recommended as follows:

1. In view of their national importance, these projects may be taken up in a mission mode with nodal officers at the central level to effectively monitor the progress of the projects under implementation and remove bottlenecks in coordination with the State authorities.
2. The Ministry may ensure *pari passu* implementation of Command Area Development work in the projects and may insist that concerned States submit Command Area Development proposals at the earliest.
3. Contract management needs to be streamlined and accountability fixed on project authorities for deficient contract management that results in cost escalations.
4. The Ministry may impress upon concerned States to resolve issues related to inadequate land acquisition and R&R measures through better coordination with revenue authorities.

5. The monitoring mechanism may be strengthened with regular meetings between the Ministry and the State Department to monitor progress and identify impediments including availability of funds.
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New Delhi  
Dated: 21 March 2018

  
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Countersigned

New Delhi  
Dated: 21 March 2018

  
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