

## PREFACE

This Report for the year ended 31 March 2017 has been prepared for submission to the Governor of Madhya Pradesh under Article 151 of the Constitution of India.

The Report contains an overview of significant audit observations and three chapters. Chapter I of the Report narrates the general information about audited entities, audit coverage and responses of the Government to audit and follow up of Audit Reports. Chapter II of Report includes Performance Audit of 'Construction of Omkareshwar Sagar Project (Canals)'. Chapter III presents one Compliance Audit Para of 'Construction of Pench Diversion Project' and eight Audit Paragraphs of various Departments of the Government of Madhya Pradesh under Economic Sector. Significant deficiencies were noticed in the execution of schemes/programmes by the concerned government departments as mentioned below:

**Performance Audit on 'Construction of Omkareshwar Sagar Project (Canals)'**: The project envisaged irrigation of 1.47 lakh hectare by March 2014, remained incomplete due to delays in land acquisition, poor progress in execution of works by contractors and inadequate monitoring. Slow progress in canal works led to creation of less irrigation potential in the years 2015-16 and 2016-17. Contract management was deficient and penalties of ₹ 85.68 crore were not imposed/recovered from contractors for slow progress attributable to them. Quality control of canal works was inadequate and test results for compressive strength of cement concrete lining and other hydraulic structures were below the prescribed norms.

**Compliance Audit on 'Construction of Pench Diversion Project'**: As against planned/designed irrigation potential of 85,000 hectare, irrigation potential of 55,000 hectare could not be created. This was due to slow progress in construction of canal, low priority on construction of distribution network and delays in preparation of proposals for land acquisition by contractors. Despite this, time extensions were granted to contractors without imposing penalties of ₹ 41.35 crore. Audit also noticed substandard and defective works, which were rectified neither by contractors nor by the Department.

Audit noticed instances of violation of provisions of contracts and other codal provisions by departmental officers, which resulted in irregular payments of ₹ 263.38 crore, avoidable extra cost of ₹ 46.43 crore on works and undue advantage of ₹ 113.97 crore to contractors. The instances mentioned in this Report are among those which came to notice in the course of test audit for the period 2016-17 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports; instances relating to the period subsequent to year 2016-17 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

