

CAG Audit Report Summary

Accelerated Irrigation Benefits Programme

- The Comptroller and Auditor General of India (CAG) released a performance audit of the Accelerated Irrigation Benefits Programme on January 8, 2019. The Accelerated Irrigation Benefits Programme (AIBP) was launched in 1996 as a central assistance programme and is currently implemented by the Ministry of Water Resources, River Development, and Ganga Rejuvenation. AIBP was initiated with the aim of accelerating the implementation of irrigation projects that exceed the resource capabilities of states. Key findings and recommendations include:
 - **Irregular inclusion of projects:** AIBP provides eligibility criteria such as the cost of a project, the stipulated time period, and the stage of completion, among others, for the inclusion of projects and schemes under its purview. In its report, the CAG noted that of the 201 Major, Medium Irrigation (MMI) projects undertaken between 2008-17 (the period covered by the audit), 30 projects were in violation of the criteria prescribed. Amongst Minor Irrigation (MI) schemes, the audit found 41 cases of inclusion of schemes that violated criteria. It found that these irregularities in inclusion had led to losses amounting to Rs 3,718 crore.
 - **Benefit Cost Ratio:** The Benefit Cost Ratio (BCR), which measures the ratio of annual benefits from irrigation to the annual cost of providing those benefits, is essential for determining the economic feasibility of a project. The CAG observed that in 28 MMI projects in nine states and 82 MI schemes in 10 states, uniform parameters were not used for the calculation of BCR. Inadequate surveys and assessments of water availability, among other deficiencies, contributed to inaccuracies in calculated BCRs. The report observed that actual BCRs were likely lower than those calculated, leading to modifications in design and revision of cost estimates. As a remedy, the CAG recommended that BCRs for projects be reviewed continuously and be based on realistic assumptions.
 - **Delay in releasing funds:** Between 2007-17, the Ministry of Water Resources, River Development, and Ganga Rejuvenation released Rs 19,184 crore for 115 MMI projects and Rs 12,809 crore for all MI schemes. As per the CAG report, there was short release of funds in various projects, resulting in non-realisation of revenues amounting to Rs 1,251 crore. The audit attributed this shortfall to delays in the submission of proposals by states and lapses in the release of funds by state governments. Additionally, the report found that Utilisation Certificates for funds amounting to Rs 2,187 crore were not submitted to the Ministry of Water Resources in time. The CAG recommended that state governments be held responsible for conducting adequate checks on work and creating systems of accountability for deficient execution.
 - **Diversion of funds:** Test checks of project reports found that funds to grantees had been diverted and utilised for expenditures not permissible under AIBP. The CAG report determined that a total of Rs 1,578 crore were diverted in 13 states, as a result of which projects were deprived of funds necessary for timely completion. The report also highlighted financial irregularities caused by parking of funds in bank accounts and fraudulent expenditures.
 - **Lack of deterrents:** 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 CAG found that the Ministry of Water Resources had failed to invoke this provision for 105 projects facing delays ranging from one year to 18 years. This had in turn led to a weakening of the provision as a deterrent against slow implementation.
 - **Cost overrun:** Delays in the implementation of projects, inefficient work management, combined with changes in the scope of projects resulted in a cost overrun in 84 projects from Rs 40,943 crore to Rs 1,20,772 crore. The CAG found that cost overruns were caused by factors related to: (i) delays in land acquisition, (ii) delays in rehabilitation and resettlement measures mandated by the Land Acquisition Act, and (iii) undue favour given to contractors. The CAG noted that some of these delays could have been avoided and pointed to deficiencies in monitoring by central and state agencies. It recommended that the Ministry of Water Resources, River Development, and Ganga Rejuvenation ensure regular monitoring of performance at state and central levels and intensify efforts towards completion of projects.

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