

Office of Shaktisinh Gohil
National Spokesperson, AICC & MLA, Abdasa

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PRESS RELEASE

16th September, 2017

Narmada is lifeline of Gujarat. Congress did maximum work in seven years of its rule right from the foundations of the dam to main canal. Even after 22 years of BJP in power in Gujarat, Narmada water goes to the sea and BJP is making show of Narmada at public expense. Stating this national spokesperson of Congress Shaktisinh Gohil has asked questions to the Prime Minister with a request that he should reply to the questions of public importance.

Question 1:- Why BJP has not done canal works its being in power in Gujarat for long 22 years? There was no need for any kind of permission for these works.

Question 2:- Planning Commission and CAG had clearly said that there should be vertical integration approach in the canal work. But this has not been done. As a result farmers see water in canal but it does not reach their farms. Today, water reaches only 3 lakh hectares out of the planned irrigation of 19 lakh hectares. Will the BJP government responsible for this apologize for this?

Question 3:- There was no need for the permission for canal work. Despite this why only 18.803 km of canal was constructed in the 22 year of BJP rule against planned length of 90.389 kms? (Ref CAG report)

Question 4:- Gujarat has share of 9MAF of water which is already available in the dam. But canal work has not been completed so people are not getting full share. Then what is the advantage of completing gate work? Gates will only help generate electricity. But in the electricity Gujarat has negligible share. Why not canal work first?

Question 5:- Sardar Vallabhbhai Patel was President of Gujarat Congress for 25 years. He is a national celebrity. He was against show off at the cost of public money. So, why marketing of BJP at the expense of Sardar Sarovar resources? Why money from government treasury is used when it was announced that the statue of Sardar will be built from iron collected from people? Why the statue is built through Chinese resources?

Question 6:- What action you have taken after the exposure of rampant corruption, mal administration and misuse of funds in Narmada Nigam? Why shielded corrupt?

(Enclosed are the cases of corruption, mal administration and misuse of funds in Narmada Nigam)

Chapter II

Performance review relating to Government company

Sardar Sarovar Narmada Nigam Limited

2 Outcome audit on the irrigation component of Sardar Sarovar Project

Executive summary

Sardar Sarovar Narmada Nigam Limited has been engaged in implementing the interstate multipurpose Sardar Sarovar Project (SSP) and managing Narmada water through 458 Kms long Narmada Main Canal and a distribution network of 89,931 kms comprising of Branch canals, Distributaries, Minors and Sub-Minors. The performance audit of the Company for the period 2004-05 to 2008-09 covered the activities related to planning, execution, development and commissioning of the Canal network.

Project planning

The Detailed Project Report (DPR) originally prepared (January 1980) by the Company remained unrevised. Though the deadline of 2000 was fixed for achievement of full irrigation potential, no detailed plan to execute the project was prepared. As a result, the Company could create irrigation potential mainly in phase I and II A and in other phases, it constructed branches only without creation of any irrigational potential.

Project finance

At the end of March 2009, the Company's share capital was Rs. 23,719.21 crore and total borrowing was Rs. 9,075.30 crore. The project cost increased substantially from Rs. 6,406.04 crore at 1986-87 prices to Rs. 35,045.75 crore at 2005-06 prices. Due to imprudent financial management, the Company incurred avoidable expenditure of Rs.32.28 crore on higher borrowed cost and guarantee fee. The Company diverted AIBP funds to the tune of Rs. 1,833.12 crore meant for development of NMC and distribution network to other areas of the project which led to delay in creation of irrigation potential.

Project implementation

The completed length of the canal system was only 18,803 kms against the envisaged length of 90,389 kms.

Out of the total envisaged CCA of 18.29 lakh ha, the Company so far developed a CCA of 3.41 lakh ha of which the utilised CCA remained at 1.20 lakh ha only.

In Phase I and II A, there were 669 and 130 numbers of missing links affecting a CCA of 1,86,824 ha and 51,590 ha respectively. Of the above, 1,70,271 ha of CCA in Phase I was reported as developed which was actually not developed as no irrigation benefit can be availed from the incomplete construction of canals.

Due to non adoption of 'vertical integration' approach, the Company created only branch canals in Phase II B, Phase II C and SBC and no irrigation potential could be created. The Company created irrigation potential in water fed zones first and ignored the water scarce zones like Saurashtra and Kutchh. In addition the Company was slowly converting the irrigation project into a drinking water project.

No data was maintained by the Company on the impact of providing irrigation facility on agricultural productivity or agricultural pattern in the SSP command area. As a result, the Company was not in a position to know whether the project has achieved its objective of increase in the agriculture produce as envisaged.

Irrigation policy

The Company has not framed a comprehensive long term policy. The interim policy framed by the Company did not cover some vital issues like, system of assessing corps pattern, guarding canal up to sub-minor level, fixation of water charges, duties and responsibilities of WUAs.

Canal maintenance

Even after investment of Rs. 18,515.58 crore in canal network, the repairs and maintenance was not done indicating laxity of the Company in safeguarding its valued assets besides threat of life/property in canal vicinity.

Conclusions and recommendations

The financial management of the company was poor as it borrowed funds at higher cost. While implementing the project the company failed in adoption of 'vertical integration approach' and which was

further marred by non prioritization of distribution network and diversion of funds to other component of Sardar Sarovar Projects.

There were deficiencies in management of contracts like award of work before acquisition of requisite land/ obtaining requisite clearances/ finalising the construction stage drawings, failure to take up repairing work in time which led to missing link in the channel and the development of CCA was adversely affected.

This review contained seven recommendations which included formulating strategic plan to execute canal project, expedite the work of development of distribution work, taking corrective action based on reasons identified for missing links and complete them as soon as possible, taking immediate steps to strengthen the WUAs for better management of canal and making a viable debt service plan to avoid huge financial burden on GoG in future.

Chapter II, Performance review relating to Government company

Commission, GoI. The project cost was again revised to Rs. 35,045.75 crore at 2005-06 price levels which has not been approved by the BoD so far. The Company however, sent (July 2007) the revised cost estimate of Rs. 35,045.75 crore to GoG which in turn sent it to Planning Commission, GoI in July 2007. The approval of the same was awaited (October 2009).

High borrowing cost

2.8.2. For development of Narmada Main canal (NMC), the Company signed an agreement with HUDCO for a loan of Rs. 480 crore against the estimated project cost of Rs. 900.66 crore and the same was approved (February-2005) at floating rate of interest of 7.75 per cent per annum. Out of Rs. 480 crore loan sanctioned, the Company availed only Rs. 103 crore and balance loan of Rs. 377 crore was curtailed (October 2005) due to higher margin³ stipulated by HUDCO. The Company incurred expenditure of Rs. 3.77 crore towards guarantee fees on the undrawn loan (October 2005) also. Later on, the Company again applied (October 2005) for fresh loan of Rs. 347 crore at floating rate of interest and the same was approved (January 2006) by HUDCO for a period of 15 years. HUDCO revised its floating rate of interest from time to time, which ranged between 7.75 and 14 per cent during the period from September 2005 to March 2009. It was observed in audit that though NABARD was extending loan for similar projects under Rural Infrastructure Development Fund (RIDF) scheme at the fixed rate of interest of 6.50 per cent during the period, the Company did not opt for the cheaper loan resulting into loss of Rs. 28.51 crore towards differential cost of borrowing (1.25 to 7.5 per cent) during June 2005 to March 2009. Thus, the Company incurred avoidable expenditure aggregating to Rs.32.28 crore⁴.

Diversion of funds to non-irrigation component of project

2.8.3. SSP has been an eligible project for receipt of Central Loan/grant assistance under Accelerated Irrigation Benefits Programme (AIBP) scheme. Following table shows the details of Central Loan Assistance (CLA) received and expenditure done on components under AIBP as well as unspent CLA.

Company incurred avoidable expenditure of Rs. 32.28 crore due to unplanned borrowings.

Company diverted Rs. 1,833.12 crore to non-irrigation components of the project.

Component of canal net work	Total length in km envisaged	Completed length in km.	Percentage of completion
Main canal (NMC)	458.00	458.00	100.00
Branch canals	2,759.00	1821.40	66.02
Distributaries	5,347.00	1533.87	28.69
Minors	20,027.00	4954.05	24.74
Sub-minors	61,798.00	10,035.99	16.24
Total	90,389.00	18,803.31	

Source: Progress Report submitted to the Chief Minister, Gujarat

Completion of distribution system below branch canals was less than 30 per cent.

As seen from the above, there was major shortfall in completion of canal network consisting of distributaries, minors and sub-minors which were for achievement of targeted irrigation potential. Target date for completion of the work of each component of the canal network was not fixed.

Development of Irrigation Potential

2.9.2. Table below shows phase-wise details of CCA envisaged, developed and utilised up to March 2009.

Phase	No. of branch canals	Location from NMC (chainage) in kms.	Envisaged CCA	CCA	
				Developed	Utilised
In lakh ha					
Phase-I	15	0 to 144	4.46	2.63	0.90
Phase-II A	7	144 to 263	1.64	0.78	0.30
SBC	1	263 to 267	5.25	0.00	0.00
Phase-II B	8	267 to 374	3.31	0.00	0.00
Phase-II C	7	374 to 458	3.63	0.00	0.00
Total	38		18.29	3.41	1.20

Source: Information furnished by the Company
SBC – Saurashtra Branch Canal

Against 18.29 lakh ha CCA envisaged, the Company could develop only 3.41 lakh ha.

Against 3.41 lakh ha CCA developed, the Company could utilise only 1.20 lakh ha.

As evident from the above table, even after spending Rs. 18,515.58 crore on main canal and downstream distribution network, the Company could achieve only 18.64 per cent in development of CCA. To make things worse, the utilised CCA is only 6.56 per cent of envisaged CCA. Going by the achievement, the Company spent nearly Rs. 5.43 lakh to develop each hectare of CCA.

'vertical integration approach^ø' in construction of canal network. But the Company gave priority to construction of branch canals only. Distributaries, minors and sub-minors were not developed along with the branch canals. As a result, irrigation benefits have not reached to downstream farmers even after a period of 21 years since the commencement of work of branch canal and after investment of Rs. 18,515.58 crore.

Due to non adoption of 'vertical integration approach', the worst affected phases of the project were Phase II B, Phase-II C and SBC. Even after investing Rs. 1,196.02 crore^Δ on these phases, no irrigation potential has been created.

Delay in repairing the damaged canals resulted in idle investment of Rs. 8.17 crore and affected 8,927 ha. CCA.

Sl. No	Name of Canal	Month of completion	Month/Year when damaged/Chainage	Investment (Rs. in crore)	CCA affected (In ha)	Remarks
1.	Vadodara Branch Canal	March-1997	2005/ (Ch.110.68 to 115.09 Kms)	8.17	4,152	Not repaired till date. As per latest estimate, the repair cost comes to Rs. 2.29 crore
2.	Kapurai Distributary	March-1999	April-2005/ (Ch. 8.47 to 12.828 Kms)	N.F	4,024	Company belatedly repaired it in March 2008 at a total cost of Rs.1.22 crore
3.	Surwada Distributary	June-1998	2005/ Ch.1.99 to 2.32 Kms	N.F	751	Till date not repaired.
Total					8,927	

N.F= Not furnished

Thus, it is clear from the above that in canals at Sl. Nos. 1 and 3, the Company had not done repairs works till date which affected 4,903 ha CCA and an investment of Rs. 8.17 crore remained unfruitful.

Undue favour to the contractors

2.10.6 The table below shows that there were instances of not taking up the risk and cost action against the defaulting contractors which resulted in delay in/non completion of work and non achievement of irrigation potential:-

Investment of Rs. 5.55 crore remained idle due to not taking action against the defaulting contractors.

Sl. No	Name of work/Name of contractor	Date of award/tendered cost	Date of withdrawal	Cost of work done/left out (Rs. in crore)	Date of re-award	Remarks
1	Construction of canals of Block-6C/ J.K. Transport & Construction Co.	April-2001/ Rs.7.30 Crore	August-2005	2.06/5.24	April-2006	Till date no final bill has been prepared. Hence amount to be recovered from contractor cannot be ascertained by the Company
2.	Constructions of canals of Block No- 9A4 and 9A5/ Backbone Project Ltd.	June-2000 /Rs.7.04 Crore	---	2.40/4.64	--	Till date the Company has neither taken any action nor re awarded the work
3.	Construction of canals of Block-9A4 and 9A5 /J.K. Transport & Construction Co.	June-2000/ Rs.8.16 Crore	August-2005	1.09/7.07	April-2006	The Company failed to take any action against the original contractor.
4.	Construction of structures on Kherda Disty./ Nanji Kalabhai & Co.	June-2005/ Rs.0.39 Crore	January -2007	--/0.39	---	The contractor did not start the work. Company relieved him without taking any action.

It would be observed from the above table that due to default on part of contractors, works costing Rs. 5.55 crore had remained idle and irrigation potential envisaged could not be achieved yet no action to get the work executed at risk and cost of the contractor has been taken.

From the above, it can be concluded that the planning of the Company was poor which ultimately resulted in time and cost overrun and also non achievement of intended benefits.

Excess payment of price escalation

Company made excess payment of Rs. 3.74 crore as PE by not following the GoG directives.

2.15.2 As per GoG circular dated 31 August 1991, in the contract valuing above Rs. 15 lakh, if the contractor had to bring the cement and steel for the work, then, for the purpose of calculating the price escalation (PE), the concerned department should deduct the value of steel and cement brought by the contractor at star rates from gross value of work done by contractor during the quarter. Test check of 12 contracts^o which were awarded during the period 2004-09, the Company did not adopt above PE formula based on GoG circular. Consequently, the Company calculated the PE for labour and fuel component on gross value of work executed inclusive of the value of cement/steel brought by the contractor. This resulted in excess payment of Rs. 3.74 crore during 2004-09 as given in ***Annexure 8***.

Delayed submission and approval of time limit extensions

Significant delays in submission and approval of time limit extension proposals were noticed.

2.15.3 Para 3.73 (4) of the GPWR stipulates that the application for grant of extensions of time limit for the contract submitted by the contractor should be finalised by the concerned competent authority within a period of two months and if the extension was not so finalised within two months, it should be referred to next higher authority with the reasons for delay in finalising extension.

On test check of records of six divisions^y of the company, it was noticed that in 26 cases there were delays of 5 to 42 months in submission of extension proposals to the competent authority by the division offices as detailed in ***Annexure 9***.

Besides, against the overall period of two months for grant of approval of extensions, the concerned competent authority (Chief Engineer/Director) took more than 3 to 22 months in 18 cases in granting the approvals as detailed in ***Annexure 10***. This clearly indicates the internal inefficiency of the management.

Absence of contractors' registration and their performance review

Company does not have any system of registration and performance appraisal of the contractors.

2.15.4 GoG directed departments taking up construction work to follow certain norms for registration of contractors under various categories based on their financial resources, technical capabilities, their past performances etc. Further, as a measure of ensuring uniform procedure in awarding various punishments (*i.e.*, demotion to lower class, supervision of business, de-registration) to the defaulting contractor, GoG prescribed certain norms. It was

^o Phase-II A : Package II and III of Rajpura Sub branch canal.

Phase-II B : Canal structure on NMC, slice I of Goriya branch canal.

Phase-II C : Package I, II, III of KBC and package 1, 2 of Radhanpur branch canal.

SBC- Slice-I and III, and Structure on Limbdi Branch Canal.

^y 2/5 Limbdi, 3/5 Dhrangadhra, 3/4 Dhrangadhra, 2/3 Dhandhuka, CE (KBC), NP Canal Division 3, Dahegam.

observed that though the Company was executing the works through contracts on a large scale, it did not devise any system for registration and review of list of approved contractors. As a result, the Company was not able to monitor performance of various contractors. If the Company followed these instructions, it could have avoided awarding contracts to contractor in any phase who had executed poor quality of work earlier. Such cases pointed out poor implementation of Phase I and breach of NMC due to poor quality of work.

Quality Control Mechanism

2.16 The company established a separate quality control wing for testing of the construction material and quality of work done in construction of the canals. The wing is headed by a Chief Engineer and assisted by two Superintending Engineers, six Executive Engineers and 33 field offices. All the field offices are equipped with material testing laboratories. The Company has fixed the norms for sample testing of materials being used by the contractors as well as quality of construction (soil excavation, embankment, lining, compaction, cement mixture, chemical tests etc.). Despite these arrangements, there were instances of canal breaches and poor quality of work executed by the contractors. Some of such instances are discussed in succeeding paragraphs.

NMC breach due to inferior quality of work

2.16.1 Narmada Main Canal (NMC) breached 7 times between 30 August 2005 and 11 March 2006 between the chainages 269.700 and 272.500 kms. As per the findings of Company (November-2005), main reason for the breaches was use of poor soil in embankments violating design drawings. The Company did not carry out detailed investigation on other breaches occurred during August-2005 to March-2006 and did not take technical and administrative steps to avoid its occurrence.

Though the Company got these defects rectified, the canal again breached (June 2008) at Ch.272.600 kms. The Company got it repaired (June 2008) at a cost of Rs. 1.06 crore (including Rs. 0.70 crore paid for crop compensation).

The High Power Committee (HPC) appointed (June 2008) to investigate the causes of breach reported (October 2008) that it was due to non-execution of canal embankment as per the designs. Besides the thickness of concrete lining provided in the canal was 5 to 6 cms at certain places against the stipulated thickness of 12.5 cms in the tender. Despite such gross violations of quality norms, the Company had not taken any action against the contractor. The Company also failed to fix responsibility against its officials for not ensuring execution of quality work. Moreover, though the contract empowers the Company to recover its dues from the contractor the Company did not recover the cost of Rs. 1.06 crore against the payment of Rs. 2.97 crore made to the contractor⁵ during June 2008 to March 2009 for the works executed under Kutchh Branch Canal.

⁵ SSJV Project Pvt Limited, Bangalore.

Inferior quality of work caused breach of NMC seven times. Company did not take any action against the contractor resulting in loss of Rs. 1.06 crore.

Poor Quality work execution

Company failed to take any action against contractors for poor quality of works. Entire canal needs reconstruction now.

2.16.2 Director (Canal) inspected the canal network of Bharuch district and found that the work executed in 22 distributaries and minors³ (2003 to 2006) covering 29,555 ha CCA constructed by nine[⊗] contractors was with poor workmanship due to use of sub-standard soil and improper bricking/lining works. Some of the deficiencies in these cases are discussed below:

- The Company failed to assess the quality of work within the defect liability period of six months since completion of these works, as provided in the contract. As a result, it failed to take action against these contractors for the poor workmanship. Based on the inspection report (July 2006) of Director (Canal), the Company debarred (July 2007) Harishchandra (I) Ltd. from participating in any future tenders of the Nigam. But, later on, in July 2009, the Company again allowed the said contractor to participate in the forthcoming tenders without giving any reason. The Company also awarded (February and May 2007) contracts costing Rs. 24.36 crore, Rs. 51.28 crore and Rs. 16.63 crore to three such contractors* for Saurashtra Branch Canal.
- In the construction of Vedachha Minor costing Rs. 10.32 crore, though the work was completed (July 2006) just before the inspection of Director (Canal), the Company did not take any action against contractor^Δ who had executed the work with poor workmanship. The Company also did not take any action on the recommendations of Director (Canal) for fixing the responsibilities of the Company officials for their failure to ensure quality of works (March 2009).

Company failed to take any action against contractor for poor quality of works. Entire canal needs reconstruction now.

2.16.3 Inspection report of Superintending Engineer (QC), Vadodara (June 2007) on Sarbhan Minor of Miyagam Branch, which was constructed by the contractor[#] in 2003, revealed that the contractor used black soil (CH type) in embankments which was not recommended as construction material as per IS: 1498-1970[¶] and the works was not carried out as per the tender specifications and designs. As a result, the canal was damaged (2003) and the estimated reconstruction cost is Rs. 1.30 crore. Despite this, the Company had not taken any step towards recovery of reconstruction cost from the contractor.

Some of the photographs showing poor workmanship of the works executed are given below:

³ Distributaries – Tralsamadh, Amleshwar, Nabipur, Keshrol, Saykha, Amod, Sadathala; Minors – T2, DA-1, T-1, Karmad, Nabipur-2, Amlod (S1), Uprali (U1), Simaliya, Ranoda, Hinglot, Kurla, Amleshwar, Kothia, Vedchha, and Ladodara.

[⊗] Harishchandra (I) Limited, Visnagar Taluka Mazdoor Sahakari Mandali Limited (VTMS), B.Patel Infrastructure Pvt. Limited, Surya Construction Co, Nitin Construction Co, M.V.Patel Co, G-Ambica Construction Co, Bhavna Engineering Co, Montecarlo Construction Limited.

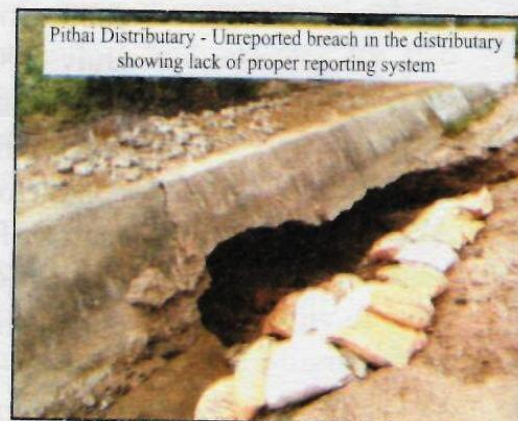
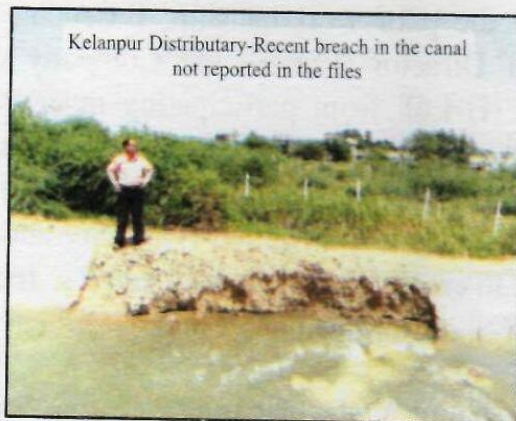
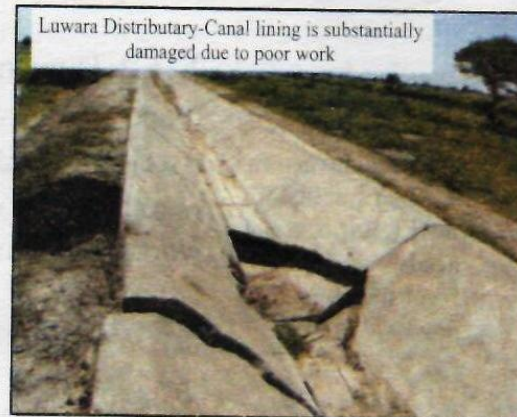
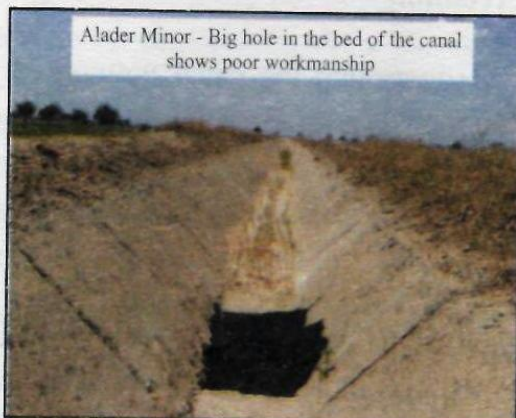
* Harishchandra (I) Limited, Visnagar Taluka Mazdoor Sahakari Mandali Limited and Bhavna Engineering Co.

^Δ Harishchandra (I) Limited.

[#] Harishchandra (I) Limited.

[¶] This is a standard prescribed for use of soil in embankments of canals.

Audit Report (Commercial) for the year ended 31 March 2009



Thus, the various deficiencies in the project implementation *viz.*, non-adoption of vertical integration approach, non prioritization of distribution network, diversion of funds, missing links due to award of work before acquisition of requisite land; failure to take up repairing work in time; award of work before obtaining statutory clearances/before finalising the construction stage drawings and lack of effective quality control mechanism led to non development of CCA as envisaged. Consequently, the investment of Rs. 18,515.58 crore made in creation of canal network remained largely unfruitful.

To,
The Editor,

Request to kindly publish this press note in your esteemed newspaper.



(Sunil Rami)

Personal Assistant