कार्यालय प्रधान निदेशक लेखापरीक्षा
वैज्ञानिक विभाग, नई दिल्ली

सं.प.न.के.(वै.डि.) / पर्यावरण अनुभाग / विश्व बैंक अनुदान / NGRBP/2012-13 / 466

दिनांक:
14 FEB 2014

The Director (Finance),
National Ganga River Basin Project,
Rear Wing, MDSS, 9-CGO Complex,
Lodhi Road, New Delhi-110003

विषय: विश्व बैंक तथा बाहरी अनुदान प्राप्त परियोजना “National Ganga River Basin Project,
NGRBP”, IDA Credit No. 4955-IN and IBRD Loan No. 8065-IN (Central Portion) for
the year 2012-13 लेखापरीक्षा प्रमाण पत्र।

महोदय,

उपरोक्त विषयक विश्व बैंक तथा बाहरी अनुदान प्राप्त परियोजना “National Ganga River Basin
Project, NGRBP”, IDA Credit No. 4955-IN and IBRD Loan No. 8065-IN (Central Portion)
for the year 2012-13 लेखापरीक्षा प्रमाण पत्र आवश्यक कार्यवाही हेतु प्रेषित हैं। यह Certificate
Central Portion के लिए है। Consolidated Certificate जल्द ही जारी कर दिया जाएगा।

भवदीय,

संलग्न: यथोपरि

To,

The Director (Finance)
National Mission for Clean Ganga
Rear Wing, MDSS, 9- CGO Complex,
Lodhi Road, New Delhi-110003

Report on the Project Financial Statements:
We have audited the accompanying financial statements of “National Ganga River Basin Project, (NMCG)”, IDA Credit No. 4955-IN and IBRD Loan No. 8065-IN, financed under World Bank which comprise the Statement of Sources and Application of funds and the Reconciliation of Claims to Total Applications of Funds for the year ended 31st March 2013. These statements are the responsibility of the Project’s management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the auditing standards promulgated by the Comptroller and Auditor General of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of the project “National Ganga River Basin Project, (NMCG)”, for the year ended 31st March 2013 in accordance with Government of India accounting standards.

In addition, in our opinion (a) with respect to the Statement of Expenditure, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditure incurred during 2012-13 (total amount received by
NMCG Rs.713.52 lakh against which an expenditure of Rs.672.93 lakh was incurred under the project) and (b) except for ineligible expenditure of Rs. 40.59 lakh as detailed in audit observations appended to this report, expenditure of Rs.598.91 lakh are eligible for financing under the Loan/Credit Agreement.(after application of disbursement percentage i.e. 89%)

During the course of audit, Statement of Expenditure/Financial statement amounting to Rs.672.93 lakh and the connected documents were examined which can be relied upon to support reimbursement of Rs. 598.91 lakh under the Loan/Credit Agreement, as per the ‘Annexure 1’:

This report is issued without prejudice to CAG’s right to incorporate the audit observations in the Report of CAG of India for being laid before Parliament.

Place: New Delhi
Date:
### Annexure 1

(Rs. In Lakh)

<table>
<thead>
<tr>
<th>S. No</th>
<th>Name of the agency</th>
<th>SOE Figure</th>
<th>Actual expenditure as verified in Audit</th>
<th>Expenditure disallowed in audit</th>
<th>Expenditure admitted in audit</th>
<th>Percentage admissible as per agreement</th>
<th>Reimbursable Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>National Ganga River Basin Authority, New Delhi</td>
<td>713.52</td>
<td>672.93</td>
<td>40.59</td>
<td>672.93</td>
<td>89%</td>
<td>598.91</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>713.52</td>
<td>672.93</td>
<td>40.59</td>
<td>672.93</td>
<td>89%</td>
<td>598.91</td>
</tr>
</tbody>
</table>

*Signature*

**Director (E.A.)**
Certification Audit of World Bank – Aided Project National Mission for Clean Ganga (NMCG) for the period 2012-13

INTRODUCTION

The project has been initiated with National Ganga River Basin Authority (NGRBA), National River Conservation Directorate (NRCD) under the Ministry of Environment and Forest (MoEF) of Government of India (GoI). The entire World Bank and other Externally Aided Projects (EAP) and Non-Externally Aided Projects (Non-EAP) have been transferred to National Mission for Clean Ganga (NMCG), a society registered under Societies Registration Act 1860 vide Registration Number - S/596/Dist. South-2011 dated 12th August, 2011.

The Society, NMCG, is a separate legal entity, registered under The Societies Registration Act, 1860, having a Governing Body (GB) and a Governing Council (GC) presided by executive council of NMCG vested with the overall management of the society, as described in the Memorandum of Association (MOA), and should meet at least once in four months to discuss the transactions of the Society.

NMCG has been registered under section 12A of the Income Tax Act 1961.

The lending instrument is a Specific Investment Loan (SIL) blending US$180 million of International Development Association (IDA)-4955-IN and US$820 million of International Bank for Reconstruction and Development (IBRD)-8065-IN resources, with total World Bank Group financing of US$ 1,000 million. This constitutes 64% of the total project cost of US$ 1,536 million, with counterpart funding including US$ 437 million from the state government and US$ 119 million from the central government. The duration of the project is eight years. The project has developed and will support the institutional core of the NGRBA Program will follow a single consistent NGRBA Program Framework designed as part of project preparation.

Project Objectives

The objectives are to support the National Ganga River Basin Authority (NGRBA) in:

(a) Building capacity of its nascent operational-level institutions, so that they can manage the long-term Ganga clean-up and conservation program; and

(b) Implementing a diverse set of demonstrative investments for reducing point-source pollution loads in a sustainable manner, at priority locations on the Ganga.

Project components

Two components: The project will have two components relating to institutional development and priority infrastructure investment. The first component seeks to build the institutional capacity to effectively implement the overall NGRBA Program, including infrastructure investment funded by the second component.

Component One: Institutional Development (US$ 200 million)

Objective: The objectives of this component are to: (i) build functional capacity of the NGRBA’s operational institutions at both the central and state levels; and (ii) provide support to associated institutions for implementing the NGRBA Program, including infrastructure investments funded by the second component:
Component Two: Priority Infrastructure Investments (US$ 1.356 million)

Objective: The objective of this component is to finance demonstrative infrastructure investments in key sectors to reduce pollution loads in priority locations on the river. The investments are intended to exemplify, among other attributes, the high standards of technical preparation and implementation, sustainability of operations, and public participation envisaged in the NGRI3A framework. This component will also support innovative pilots, for new and transformative technologies or implementation arrangements.

The project started on June 14, 2011 and its closing date is December 31, 2019.

Audit Comments:

NMCG received Rs. 53.62 crore as grants during 2012-13, and out of it Rs. 5.04 crore had been released to five states of which Rs. 1.40 crore had been spent by these states. An amount of Rs. 7.14 crore was the expenditure of NMCG during 2012-13.

Scrutiny of the records further revealed as under:

1. Head-wise details of funds received/authorized from MoEF and head-wise demands/discherrusment of funds to the five states alongwith the head-wise position of expenditure incurred were not available with NMCG in absence of which head wise position of excess/ ineligible expenditure incurred if any, could not be ascertained in audit.

2. The releases of funds amounting to Rs. 1.10 crore (Rs. 0.60 crore to Bihar on 03.05.12 and Rs. 0.50 crore to Jharkhand on 03.05.12) were made to the states of Bihar and Jharkhand without showing the head-wise budget details. The expenditure in Bihar was Nil - and in Jharkhand it was nominal i.e. meager expenditure of Rs. 6.03 lakh. There was unwarranted parking of funds with these states.

3. The Payment vouchers and sanctions for the payments made under NMCG through NRCD amounting to Rs. 40.59 lakh was not available in the records in absence of which the whole of the expenditure of Rs. 40.59 lakh was inadmissible/ineligible.

4. NMCG generated fixed assets worth Rs. 68.51 lakh during 2012-13 for which depreciation to the tune of Rs. 6.38 lakh was not charged.

5. NMCG received funds to the tune of Rs. 53.62 crore during 2012-13 out of which an expenditure of Rs. 8.54 crore only (Rs. 7.14 crore by NMCG and Rs. 1.40 crore by states) was inurred leaving a huge balance of Rs. 45.08 crore. This depicted the unrealistic budgeting both by NMCG and MoEF.

Thus, an amount of Rs. 36.13 lakh (89 per cent of Rs. 40.59 lakh) was not eligible to be reimbursed from World Bank Funds and there were instances of improper and inefficient budgeting.

Audit Officer (EA)