

CAG Summary

Implementation of Phase I of Bharatmala Pariyojana

- The Comptroller and Auditor General of India (CAG) released its audit report on the 'Implementation of Phase-I of Bharatmala Pariyojana' on August 10, 2023. The Cabinet Committee on Economic Affairs (CCEA) approved Bharatmala Pariyojana in October 2017 for the development of National Highways (NH). Phase I of the program aimed to develop economic corridors, feeder roads, and expressways.
- Implementing agencies of the program include: (i) National Highways Authority of India (NHAI), (ii) National Highways and Infrastructure Development Corporation Limited (NHIDCL), and (iii) State Public Works Department. The scope of the audit included the review of planning, financial management, implementation, and monitoring of Bharatmala. Key observations and recommendations of CAG are:
- **Existing highways included under Bharatmala:** Under Bharatmala Phase I, NHAI is required to develop NHs of 70,050 km. However, CAG observed that 49% of this, i.e., 34,972 km was already developed or awarded under various highway schemes before Bharatmala was approved. These schemes did not have any proposals to develop them further. CAG recommended that such NHs be removed from the target length under Bharatmala.
- **Projects taken without fixing previous issues:** CAG noted that existing incomplete projects of the National Highway Development Project (NHDP) were taken up under Bharatmala without resolving existing bottlenecks. For instance, the highway along the Bihar and Jharkhand border was to be completed by November 2021, but as of March 2023, only 62% of the project was completed. Reasons for the delay include unavailability of the right of way and pending land disputes over forest land. CAG suggested that existing bottlenecks must be resolved before any remaining projects are awarded under the Bharatmala NHDP component.
- **Variation in use of financing models:** There are various financing models for implementing infrastructure projects. CAG observed that of the 23,268 km of NHs to be built under Bharatmala, only 1.8% was constructed under the Built Operate Transfer (BOT-Toll) mode, against the approved 10%. 48% was constructed under the Engineering, Procurement, and Construction (EPC) model, and 50% was constructed under the Hybrid Annuity Model (HAM). The approved percentages for these modes were 30% and 60% respectively.
- **Prioritisation of projects:** CAG noted the absence of a systematic prioritization method and no clear completion timelines. As of March 2023, 46% of the length of 11 high-priority BPP-I corridors was not awarded. CAG recommended that the Ministry prioritize projects based on criteria approved by the CCEA to make efficient use of limited funds.
- **Fund management:** CAG noted increased sanctioned costs and significant changes in the cost estimates. As of March 2023, 76% of the CCEA-approved project has been awarded, while 158% of the CCEA-approved funds have been sanctioned. The per km cost of the project increased from Rs 14 crore to Rs 24 crore. Additionally, funds worth Rs 1.57 lakh crore that were approved for other schemes, were being utilised to report achievements under Bharatmala. CAG recommended mapping of scheme-wise funds released to ensure funds for one scheme are not diverted to others. The Ministry replied that it will streamline project-wise accounting.
- **Appraisal and approval of NHAI projects:** As per the CCEA, all projects under Bharatmala should be appraised by the Project Appraisal and Technical Scrutiny Committee. CAG sampled 50 projects, out of which 35 floated tender notices without any appraisal by the Committee. It recommended that the project appraisal and approval mechanism be comprehensively reviewed by the government to ensure scrutiny.
- **Irregularities in tendering and selection of contractors:** CAG observed several instances where implementing agencies selected ineligible bidders who did not fulfil tender conditions or falsified documents. It also noted that tender notices were floated without prepared detailed project reports, or inaccurate reports. CAG recommended investigating anomalies in tendering and fixing the responsibility of erring officials. It also recommended that bids be evaluated online via an e-tendering portal to ensure transparency.

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