



कार्यालय प्रधान महालेखाकार (लेखापरीक्षा-II)
तमिलनाडु एवं पुदुचेरी

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II)
TAMILNADU & PUDUCHERRY



SUPREME AUDIT INSTITUTION OF INDIA
निकाहिनाथ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Lr. No. PAG (Audit-II)/AMG II/Tech cell /2025-26/110

Date: 03.12.2025

To

The Principal Secretary & Project Director,
TNIAM Project (IAMWARM-II),
MDPU Office, Chepauk,
Chennai-600 005.

MDPU	
PD	
SP (P&A)	
2. PROJECT	
E (M&E)	
MS	

Sub: Opinion of the C&AG of India on World Bank Funded in respect of "Tamil Nadu Irrigated Agriculture Modernization Project (TN IAMP)" - Loan No.8797-IN/ for the year 2024-25 Forwarded.

Sir/Madam,

I am to forward here with the Opinion of the Comptroller and Auditor General of India for the period ended 31.03.2025 in respect of Tamil Nadu Irrigated Agriculture Modernization (TNIAM) Project along with necessary enclosures. The amount of ₹606,89,73,340 is eligible for reimbursement. Kindly acknowledge the receipt of Audit Certificate.

Yours faithfully,

DEPUTY ACCOUNTANT GENERAL

Encl:

1. Opinion of the Comptroller and Auditor General of India on Project Financial Statements
2. Statement of Sources and Application of Funds

Opinion of the Comptroller and Auditor General of India on the Project
Financial Statements for the year ended 31st March 2025

We have audited the accompanying financial statements of the Tamil Nadu Irrigated Agricultural Modernization (TNIAM) Project financed under World Bank Loan No. IBRD No.8797-IN, which comprises the Statement of sources and Application of Funds and the Reconciliation of Claims to Total Application of Funds for the year ended 31st March 2025. 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 the 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, evidences, 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 TNIAM Project for the year ended 31st March 2025 in accordance with Government of India accounting standards.

In addition, in our opinion, (a) with respect of SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detained in the audit observations, appended to this audit report, expenditures are eligible for financing under the Loan / Credit Agreement.

During the course of audit, SOE amounting to ₹.613,87,45,841 and the connected documents were examined and these can be relied upon to support reimbursement under the Loan / Credit agreement (IBRD No.8797-IN).

This report is issued without prejudice to CAG's right to incorporate the audit observations, if any, in the Report of CAG of India for being laid before Parliament/State or UT Legislature.

Audit Observations

1. Advances paid claimed as expenditure as per records
2. Non-production of vouchers for the expenditure in test checked districts
3. Expenditure not booked in the accounts maintained by the PAG (A&E) office that were not reconciled by the department
4. Incorrect calculation of Labour Welfare fund on the total estimated value of work resulted in excess payment that becomes ineligible

Chennai – 600 018
Date: 03.12.2025



Deputy Accountant General / AMG-II

Annexure - A

Audit Observations

1) Advances paid claimed as expenditure as per records:

Advances given for various purposes like procurement, contracts, training etc., are not eligible for reimbursement as per World Bank norms. Only Actual expenditure is admissible for reimbursement. The details of advance payments made by the divisions should be collected by the MDPU and the advance payments are not to be included in the claim made with the World Bank.

A. In the test checked divisions, audit observed that advances amounting to ₹ 27,01,656 were drawn during 2024-25 by the departments. The same was not intimated to MDPU and so MDPU included the amount in the SOE and claimed reimbursement which was incorrect. Details of such advances are given in the Table below. The advances amounting to ₹.27,01,656 are ineligible for reimbursement during the year 2024-25. The MDPU replied to an audit enquiry that the line departments did not inform previously. So, the said amount was taken as expenditure, and it will be deducted from the next reimbursement claim.

Sl. No.	Office	Sanction number / Head of account / bill number	Amount (₹.)	Date of drawal of Advance
1.	Deputy Director of Agricultural Marketing and Agri Business, Coimbatore	C/1877/2016	1,20,000	28.03.2025
2.	Joint Director of Agriculture, Coimbatore (ADA, Anaimalai)	A1/2024	1,25,000	12.02.2025
3	Joint Director of Agriculture, Trichy (ADA/Lalgudi)	A/24/2025-26	3,97,800	02.01.2025
4	Director of Agricultural Marketing and Agri Business, Chennai	2435-01-800-PB-372-01	7,50,000	27.03.2025
5	Director of Agricultural Marketing and Agri Business, Chennai	4101000725030034	7,08,856	14.03.2025
6	Director of Agricultural Marketing and Agri Business, Chennai	4101000725030107	6,00,000	28.03.2025
TOTAL			27,01,656	

B) For the research project "Comprehensive Assessment study of TNIAMP interventions in Tamil Nadu executed by Centre for Agricultural and Rural Development Studies (CARDS) at

Tamil Nadu Agricultural University, Coimbatore, MDPU released Rs 10,02,500 on 4 July 2024 and Rs. 90,21,500 on 31 March 2025. The research was to be completed within nine months. The CARDS had incurred expenditure of ₹ 15,74,661 as of 31 March 2025. As the funds released was not entirely utilised, the expenditure of Rs 15,74,661 spent as of 31 March 2025 is eligible for reimbursement during the year 2024-25. Claiming Rs 100,24,000 as expenditure is not correct. Hence, ₹.84,49,339 is ineligible for the year 2024-25.

C) The MDPU had transferred ₹4 crore to the Tamil Nadu State Agricultural Marketing Board (TNSAMB) functioning under the Agricultural Marketing and Agri business department, for the scheme of “Establishment of Technology cum Market Promotion Centre for Millets in Perambalur district”. The details of actual utilisation are not available with the MDPU. The transfer of funds has been claimed as expenditure and included in the SOE. As actual expenditure details for the amount of ₹ 4 crore were not available in MDPU.

In reply, the MDPU stated that utilisation certificates will be obtained and submitted to audit after obtaining the same from the line department concerned.

Thus, the above amount of ₹4 crore is held as ineligible expenditure for the year 2024-25.

2) Non-production of vouchers for the expenditure in test checked districts:

During the year 2024-25, the expenditure furnished by the MDPU in the SOE was more by ₹1,74,95,286 against the expenditure vouchers verified by audit in the test checked three districts as given below:

Department	Coimbatore		Trichy		Tiruvallur	
	Amount for which voucher not available in dept (₹)	No. of vouchers	Amount for which voucher not available in dept (₹)	No. of vouchers	Amount for which voucher not available in dept (₹)	No. of vouchers
WRD	2008451	151	657884	135	14534686	151
Agriculture	120000	5	105030	266	0	0
Animal Husbandry	0	0	18000	16	0	0
TNAU	51235	43	0	0	0	0
TOTAL	2179686		780914		14534686	

The vouchers for the difference ₹1,74,95,286 was not made available to audit. To an audit enquiry, the MDPU replied that final reply would be sent to Audit after getting necessary replies from the line departments concerned. The amount of ₹1,74,95,286 is held ineligible for the year 2024-25.

3. Difference in the expenditure figure as per SOE and the expenditure booked in the accounts maintained by the Office of PAG (A&E), Chennai due to non-reconciliation of figures by the line departments:

Audit observed difference in expenditure figures as per SOE and figures booked in the accounts maintained by the PAG (A&E) office as mentioned below:

Name of the department	SOE figure₹	PAG (A&E) booked figure₹	Difference₹
Agriculture	11,12,66,149	11,08,31,048	4,35,101
Agricultural Marketing & Agri business	23,41,17,602	23,42,17,602	(-) 1,00,000
Agricultural Engineering	4,46,68,322	4,46,55,229	13,093
Horticulture	27,17,52,818	27,13,99,787	3,53,031
Animal Husbandry	2,38,29,037	2,38,12,836	16,201
Fisheries	3,99,06,616	3,99,06,016	600
Total			8,18,026


The amount ₹8,18,026 relating to the six line departments is held ineligible for the year 2024-25.

4. Incorrect calculation of Labour Welfare fund on the total estimated value of work resulted in excess payment of ₹.3,08,194:

The Labour Welfare Fund (LWF) was calculated at one per cent on the total estimated value of work which included lumpsum provisions also like advertisement charges, supervision charges etc. These lumpsum provisions do not involve labour intensive works and so LWF should have been calculated on the estimate value of work put to tender. In the works executed in two test checked divisions, LWF was paid on the total estimated value including lumpsum provisions resulting in excess payment of ₹3,08,194 to LWF account as given in the Table below:

Division	Name of work	Estimated cost including lumpsum provisions (₹)	Amount paid to LWF (₹)	Estimated cost of work (₹)	Amount to be paid to LWF (₹)	Excess payment
Parambikulam Aliyar Project Division, Coimbatore	Rehabilitation & Modernisation of Kulapathukulam tank in Anamalai taluk	34,19,00,000	34,19,000	32,74,43,221	32,74,432	1,44,568
River Conservancy Division, Trichy	Rehabilitation & Modernisation of channels in Manachanallur & Lalgudi taluks	70,22,04,000	70,22,000	68,58,37,447	68,58,374	1,63,626
TOTAL						3,08,194


The amount of ₹3,08,194 is ineligible for reimbursement.


SENIOR AUDIT OFFICER

Annexure - B

List of districts with expenditure during the year 2024-25

Sl.No.	Name of District	Total Expenditure (in Rs)
1.	Ariyalur	81,03,263
2.	Chengalpet	22,89,18,270
3.	Chennai	45,19,80,009
4.	Coimbatore	24,61,11,565
5.	Cuddalore	19,61,38,422
6.	Dharmapuri	10,07,66,312
7.	Dindigul	35,17,208
8.	Erode	1,40,21,533
9.	Kallakurichi	4,27,04,992
10.	Kancheepuram	5,63,41,548
11.	Karur	8,58,100
12.	Krishnagiri	81,07,795
13.	Madurai	32,18,69,336
14.	Myladuthurai	2,25,27,408
15.	Nagapattinam	2,98,09,255
16.	Kanyakumari	2,27,169
17.	Namakkal	78,09,020
18.	Perambalur	12,03,199
19.	Pudukkottai	55,42,995
20.	Ramanathapuram	15,47,65,521
21.	Ranipet	4,79,94,109
22.	Salem	3,69,43,238
23.	Sivagangai	2,81,11,541
24.	Tenkasi	9,66,04,108
25.	Thanjavur	4,83,96,156
26.	Theni	3,40,24,006
27.	Thiruvallur	132,72,03,997
28.	Thiruvarur	4,92,79,427
29.	Tuticorin	38,97,57,834
30.	Trichy	62,95,08,500
31.	Tirunelveli	85,57,52,266
32.	Tirupathur	19,08,590
33.	Tiruppur	0
34.	Thiruvannamalai	48,37,20,966
35.	Nilgiris	0
36.	Vellore	7,21,51,942
37.	Villupuram	1,08,49,437
38.	Virudhunagar	39,94,576
	MDPU	12,12,22,228
	Total	613,87,45,841


SENIOR AUDIT OFFICER