

Subject: Justification to External Audit 2024-25 Observation on Delay in Consultancy Deliverables Submitted by KPMG Advisory Services Pvt. Ltd. under SMART Project.

Reference:

1. RFP for consultancy services for providing technical support to the technical cell within PIU-DoM, Ref. No. SMART/PCMU/DoM/CS/60/2023-24, dated 30/08/2023
2. Contract with KPMG Advisory Services Pvt. Ltd. for consultancy services under the SMART project, dated 05/03/2024
3. Letter from KPMG Advisory Services Pvt. Ltd. proposing contract extension, dated 30/05/2025
4. External Audit 2024-25 Observation regarding delay in submission of deliverables

With reference to the subject cited above, it is respectfully submitted that under the Hon. Balasaheb Thackeray Agribusiness and Rural Transformation (SMART) Project, the Project Implementation Unit (PIU), Directorate of Marketing (DoM), Government of Maharashtra, engaged KPMG Advisory Services Pvt. Ltd. through a duly conducted competitive selection process to provide consultancy support to the Technical Cell. The scope of the consultancy assignment includes review of ongoing agricultural marketing reforms, conduct of analytical and field-based studies, and formulation of strategies for strengthening and scaling up reforms in the agricultural marketing sector.

The External Audit 2024-25 has observed delays in the submission of certain consultancy deliverables under the SMART Project. In this context, the following detailed factual clarification is submitted for record.

External Audit 2024-25 has observation's

Sr No	Observation Related to Procurement /Accounts/	Observation	Amount in Rs (Irregularity)
3	Procurement	We observed that payment has been made to KPMG for providing consultancy services for technical cell of PIU DOM however following irregularities were	2852544

		noticed			
		a) Delay in deliverable as follows			
		Deliverables As per Agreement	Timeline as per Agreement	Actual submission	Delay
		Stakeholders, survey questionnaire & Interim progress report of objective 1 submission of final progress Report	2 months	02.07.2024 (Mail) Hard copy received- 23.07.2024	2 months
		Report of Objective 1	4 months	Hard copy received- Feb 2025	8 months
		Submission of Questionnaire & methodology to conduct Research studies mentioned in objective 2	5 months	Hard copy received- 12.09.2024	1 month

Deliverable-2 under Objective-1, comprising the List of Stakeholders, Survey Questionnaire, and Interim Progress Report, was initially submitted by the Consultant in draft form on 23 July 2024. In line with the established review and quality-assurance mechanism, the draft deliverable was jointly reviewed by the Project Implementation Unit – Directorate of Marketing (PIU-DoM) and the Consultant during a review meeting held on 05 August 2024, under the chairmanship of the Nodal Officer, PIU-DoM.

During the technical and statistical scrutiny of the draft Deliverable-2, certain methodological shortcomings were identified, particularly relating to the adequacy of sample size, alignment between confidence level and standard error, and overall robustness of the survey design. These issues were considered critical, as Deliverable-2 constituted the

analytical foundation for subsequent deliverables under Objectives 1, 2, and 3 of the consultancy assignment.

In order to address these concerns and to enhance the quality, reliability, and credibility of the analysis, a further review meeting was convened on 27 August 2024. In the said meeting, it was collectively decided to increase the sample size from 65 to 150 and to rectify the identified methodological issues. The Consultant was accordingly advised to revise and resubmit the deliverable.

In compliance with the directions issued by Project Implementation Unit – Directorate of Marketing (PIU-DoM), KPMG Advisory Services Pvt. Ltd. incorporated the recommended revisions and submitted the revised Final Deliverable-2 on 12 September 2024. The revised deliverable was examined in detail and was found to be technically sound, statistically robust, and in conformity with the agreed methodology, and was therefore formally accepted and approved by Project Implementation Unit – Directorate of Marketing (PIU-DoM).

It is pertinent to note that Deliverables 3, 5, 6, and all deliverables under Objective-3 were analytically and methodologically dependent on the finalization of Deliverable-2. Consequently, the timelines for these interlinked deliverables required revision to ensure consistency of analysis, data integrity, and meaningful integration of findings. The revised timelines were discussed in detail and mutually agreed upon by the Head, Project Implementation Unit – Directorate of Marketing (PIU-DoM). It is further clarified that payments were released strictly after submission and formal acceptance of the respective deliverables by Project Implementation Unit – Directorate of Marketing (PIU-DoM), in full compliance with the contractual terms and payment milestones.

As per the original terms of the contract, the consultancy assignment was scheduled for completion by 05 June 2025. However, due to the methodological refinements undertaken during the execution of Deliverable-2 and the resultant cascading impact on subsequent interdependent deliverables, completion within the originally stipulated timeline was not feasible.

Accordingly, as per Reference No. 3, and to facilitate incorporation of all technical and stakeholder feedback, completion of remaining deliverables, and orderly closure of the consultancy assignment, KPMG Advisory Services Pvt. Ltd. submitted a formal request for extension of the contract period up to 18 July 2025, without any cost escalation or additional financial implication to the Directorate of Marketing.

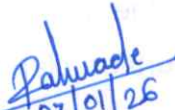
The proposed extension is permissible under Clause 16 of the Contract, which allows modification of the contract period through mutual written agreement. The extension has been duly examined and processed as per the prescribed procedures, considering the interdependent nature of deliverables, the requirement of quality assurance, and the overall objectives of the SMART Project.

It is further submitted that KPMG Advisory Services Pvt. Ltd. has successfully completed and submitted all the deliverables as per the terms of the consultancy contract. Each of these deliverables, including inception reports, stakeholder lists, survey questionnaires, interim and final progress reports, research studies, and all Objective-3 outputs, has been meticulously reviewed, scrutinized, and verified by the Project Implementation Unit – Directorate of Marketing (PIU-DoM). Following detailed technical and statistical examination, all deliverables were found to meet the required quality standards, adhere to the agreed methodology, and fulfill the objectives of the SMART Project, and have therefore been formally accepted and approved by Project Implementation Unit – Directorate of Marketing (PIU-DoM).

Submitted for kind review and approval.


(Swapnil Petkar)

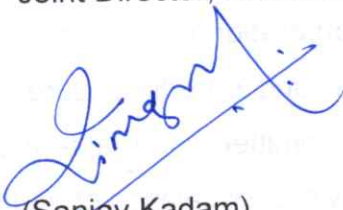
Statistician Expert, SMART PIU-DoM


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