

CHAPTER-V

Review on “Provision of Drinking Water Facilities” by ULBs in the State of Bihar

5.1 Introduction

Providing basic civic amenities to urban population is one of the mandatory functions of the Urban Local Bodies i.e. Municipal Corporation, Nagar Parishad and Nagar Panchayats. Various sections of Municipal Act deal with these functions of the ULBs. Section 11 (A) (vi) of B&OMA, 1922 incorporates provision of water supply for domestic, industrial and commercial uses. Chapter IX of the B&OMA, 1922 elaborately deals with water supply system in ULBs. The new BMA, 2007 also entrusts ULBs with duties of providing drinking water supply under Section 169 to 192 in Chapter XXII.

5.1.1 Fund Flow

Funds were made available by Central (12th Finance Commission)/ State Government to ULBs under head ‘Drinking Water Supply’ for two different schemes: -

- (i) Long term scheme to be executed by Public Health Engineering Department (PHED)/ Bihar Rajya Jal Parshad (BRJP) and
- (ii) Short term scheme to be taken up by the ULBs themselves.

The PHED/BRJP was to provide drinking water by sinking high yielding tube-wells, construction of water towers, laying of pipes, providing water connections for domestic users through pipes, etc. whereas ULBs had to extend drinking water facilities by installing tubewells (India Mark III).

Funds were received by ULBs from Central (12th FC) as well as from the State under State Plan Scheme every year for execution of above works. Details of fund released to ULBs between 2005-06 and 2008-09 are as under:-

Table - 18

(₹ in Crore)

| Year | No. of ULBs | State Plan (Water Supply Scheme) | No. of ULBs | Central Government (XII th FC) | Total |
|--------------|-------------|-----------------------------------|-------------|---|---------------|
| 2005-06 | 25 | 104.88 | 5 | 0.00 | 104.88 |
| 2006-07 | 16 | 44.16 | 5 | 37.18 | 81.34 |
| 2007-08 | 122 | 49.72 | 6 | 54.73 | 104.45 |
| 2008-09 | 26 | 59.31 | 1 | 12.00 | 71.31 |
| Total | | 258.07 | | 103.91 | 361.98 |

Out of ₹ 361.98 crore, 28 ULBs selected for review received ₹ 315.54 crore as detailed under:-

Table - 19

| Year | State Plan | (₹ in Crore) | |
|--------------|---------------|---|---------------|
| | | Central Government (XII th FC) | Total |
| 2005-06 | 87.32 | 0.00 | 87.32 |
| 2006-07 | 42.77 | 37.18 | 79.95 |
| 2007-08 | 28.12 | 54.73 | 82.85 |
| 2008-09 | 53.42 | 12.00 | 65.42 |
| Total | 211.63 | 103.91 | 315.54 |

5.1.2 Modalities of Execution

5.1.2.1 Execution of Long Term Works by PHED/BRJP

The PHED and BRJP serve as executing agencies for implementation of long term schemes involving larger investment for creation of basic infrastructure which would provide drinking water. Major works include digging of high yielding tube wells, laying of distribution pipe network in the urban areas, construction of water towers, pumping stations, water treatment plants etc.

As these works are technical in nature, the executing agency is given the responsibility for pre execution preparation of all the schemes and their implementation. Accordingly, they prepare DPRs and estimates and get them approved by the State Government. The schemes are approved by the Government and the funds are sanctioned through the ULBs concerned. After completion of the work, these are handed over to the ULB concerned for further running and maintenance.

5.1.2.2 Execution of Short Term Scheme /Small Scale Works by ULBs

Small works like sinking of hand pumps at selected sites are handled by ULBs themselves. The ULBs have to install tube wells at sites recommended by the MLA/MLC.

5.2 Audit Objectives

The audit objectives of the review were to assess whether:

- Planning for drinking water was effective.
- Execution of scheme was timely and cost effective.
- Monitoring system at ULB & UD & HD

5.3 Scope of Audit and Audit Methodology

Out of 128 ULBs (2008-09), 28 ULBs¹⁹ were selected for review on the basis of allocation/release of funds to them in the last four years. (Out of 122 ULBs, the lion's share of funds was received in the last four years by these 28 ULBs i.e. ₹ 315.54 crore out of ₹ 361.98 crore. The review was conducted under Bihar Local Fund Audit Act (LFA), 1925 and the scope of the study is restricted to examination of works executed by the 28 selected ULBs and the related PHED divisions. The study covers a period of four years viz. 2005-2006 to 2008-2009. Audit methodology involves study of all scheme files, test check of records like estimates, M.B.s, vouchers etc. in all the 28 ULBs and their executing PHED divisions selected.

5.4 Audit Criteria

Criteria against which audit was carried out included regulations issued/followed by the Government of Bihar. Primarily the following criteria were adopted:-

1. Bihar Public Works Code, 1995,
2. Bihar Financial Rules.

5.5 Audit Findings

Based on the audit criteria, the findings are discussed in subsequent paras:-

5.5.1 Preparation of Estimates

The Detailed Project Reports/Estimates of water supply schemes were prepared by the Public Health Engineering Department (PHED) and sent to the Urban Development and Housing Department (UD & HD) for administrative approval directly. Copies of DPRs/Estimates were not made available to audit by the ULBs. However, the same were made available by 17 PHED Divisional Offices of the concerned ULBs. Due to unavailability of DPR/Estimate prepared by 11 PHED, the actual status of work viz cost of the work, time schedule for completion of the work, modus operandi for execution of the work could not be ascertained in audit.

Scrutiny of DPR/Estimates revealed that out of 17 ULBs there was delay of 1-42 months in according administrative approval by the UD & HD in respect of 9 ULBs (**Table-20**). The State Government, UD & HD replied that schemes were being sanctioned as per availability of fund and on priority basis. The reply of State Govt. was not acceptable as even after the administrative approval, the full amount was not released to the ULBs with the sanctioning

¹⁹ PMC,GMC,DMC,MMC,AMC,BMC,Biharsharif M.C., Purnia N.P.,Katihar N.P., Begusarai N.P.Bakhatiyarpur N.P.,Barh N.P.,Danapur N.P.,Kishanganj N.P., Hajipur N.P., Shiekhpora N.P, Chapra N.P., Siwan N.P., Dehri N.P., Sasaram N.P., Jamalpur N.P.,Lakhisarai N.P., Motihari N.P., Khagaul N.P., Bettiha N.P., Mokama N.P., Munger N.P., Hilsa Nagar Panchayat

letter, thus hampering the execution of schemes. Delay in sanctioning schemes ultimately resulted in delay/non-completion of schemes on time and also cost-overrun.

Table-20

| Sl. No. | Name of ULB | Date of DPR preparation | Letter No./Date of approval by UD & HD | Delay in according approval |
|---------|-----------------------|-------------------------|--|-----------------------------|
| 1. | Muzaffarpur, Phase-II | 22.03.2006 | 938/06.11.2007 | 20 months |
| 2. | Ara | 07.10.2005 | 1024/26.03.2006 | 06 months |
| 3. | Purnia, Phase-I | 05.10.2005 | 653/03.03.2006 | 05 months |
| | Purnia, Phase-II | 07.10.2005 | 2518/11.07.2006 | 10 months |
| 4. | Biharsharif | 26.02.2006 | 1023/26.03.2006 | 01 months |
| 5. | Katihar | 06.10.2005 | 1024/26.03.2006 | 06 months |
| 6. | Begusarai | 16.09.2002 | 1059/30.03.2006 | 42 months |
| 7. | Barh | 10.08.2005 | 1019/14.03.2007 | 21 months |
| 8. | Khagaul | 19.07.2006 | 1409/30.03.2007 | 08 months |
| 9. | Hajipur | 06.07.2005 | 1409/30.03.2007 | 20 months |

Further, in 6 cases DPR/Estimates were prepared by the PHED after sanctioning and release of funds by the UD & HD to the ULBs.

Table-21

| Sl. No. | Name of ULB | Letter No./Date of approval by UD & HD | Date of preparation of DPR |
|---------|-------------------|--|----------------------------|
| 1. | Dehri Dalmianagar | 1023/26.03.2006 | 14.06.2006 |
| 2. | Sasaram | 1095/30.03.2006 | 10.06.2006 |
| 3. | Danapur | 1409/30.03.2007 | 03.07.2007 |
| 4. | Kishanganj | 1409/30.03.2007 | 30.07.2007 |
| 5. | Sheikhpura | -/13.03.2007 | Sep-08 |
| 6. | Hilsa | 1019/14.03.2007 | 18.06.2007 |

For installation of tube wells, no DPRs/Estimates were prepared by the ULBs, only a lump-sum amount was released to each ULB by the UD & HD. Amount was released to the ULBs @ ₹ 36,780.00 per tubewell and @ ₹ 31,760.00 per tube well for different ULBs for which sites were recommended by the MLA whereas @ ₹ 35,144.00 per tube well for sites recommended by the MLC. Most of the ULBs did not/or only partly took up the work as the lump sum amount released by the government did not match the cost required for a particular ULB as per its specific requirement taking into account geological and other factors. While for some places the cost was more, for other place it was less than the released amount per unit²⁰. The State Government, UD & HD replied that the PHED would have prepared the model estimates by

²⁰ For example-PMC-₹ 48,397.00, MMC-₹ 27,988.00, Motihari-₹ 21,405.00, Kishanganj-₹ 6000.00

taking into account the geographical layout into consideration. The reply is not acceptable since no model estimates or any survey reports in support of this contention were made available to audit.

5.5.2 Selection of Site

For installation of High Yielding Tube wells (HYTW), construction of water towers, pump chambers etc., sites were to be selected by the ULBs. The DPRs / Estimates prepared by the PHED divisions did not mention selected sites except in Hajipur, Bhagalpur, Purnia, Darbhanga and Ara. For installation of tubewells i.e. small scale works, sites were to be recommended by the MLA/MLC.

In 19 ULBs out of 28 ULBs where the installation work was done partly or fully, sites were recommended by the MLA/MLC of the concerned ULBs. However, in Siwan Nagar Parishad where the list was not provided by the MLA/MLC and in Patna Municipal Corporation, where 198 tube wells were installed on the recommendation of Ward Commissioners instead of MLA/MLC. These actions violated government instructions.

5.5.3 Release of the funds to Executing Agencies

Initial funds and subsequent instalments were released to the ULBs with sanction of the UD & HD. As per instructions contained in Govt. sanctioning letters the funds were to be subsequently transferred to the PHED divisions by the ULBs for execution of work. In Patna and Bhagalpur, funds were released to the Bihar Rajya Jal Parshad (BRJP), the executing agency.

Scrutiny of records of 28 ULBs, it was observed that in 18 ULBs there was delay in transfer of funds to PHED up to 21 months (**Appendix-IV**). Position of delay in 10 ULBs could not be ascertained.

Further scrutiny of test checked ULBs revealed that in five cases ₹ 9.55 crore fund was not transferred to PHED (September-09) divisions without giving any specific reasons-

Table - 22

(₹ in lakh)

| Sl. No. | Name of ULB | Fund received by ULB | Fund transferred to PHED | Amount retained by the ULB |
|--------------|-------------|----------------------|--------------------------|----------------------------|
| 1. | Barh | 422.78 | 100.00 | 322.78 |
| 2. | Kishanganj | 1834.81 | 1700.00 | 134.81 |
| 3. | Bettiah | 200.00 | 195.00 | 5.00 |
| 4. | Hilsa | 490.90 | 100.00 | 390.90 |
| 5. | Mokama | 102.02 | 0.00 | 102.00 |
| Total | | 3050.51 | 2095.00 | 955.49 |

Delay/non-transfer of fund was a result of poor administrative functioning of the ULBs which delayed the execution of the project.

5.5.4 Non-Execution of Works in stipulated time

In 19 ULBs test checked, the water supply work was not completed in stipulated time. This was due to lack of sufficient fund, land dispute, non-availability of sites, faulty DPRs, delay in issuance of N.O.C., tardiness of contractor in completing the work, etc. **(Appendix-V)**

Further, work in 9 ULBs had not started (September-2009) due to non-finalisation of price neutralization with UD & HD, delays in re-tendering, preparation of fresh DPRs etc.

Table - 23

| Sl. No. | Name of ULB | Present Status |
|---------|-----------------|---|
| 1. | Katihar | Re-tender is in process. Price Neutralization not finalized with UD & HD |
| 2. | Danapur Nizamat | Re-tender is in process. Price Neutralization not finalized with UD & HD |
| 3. | Motihari | Re-tender is in process. Price Neutralization not finalized with UD & HD |
| 4. | Munger | Due to insufficient underground water a fresh DPR of 34.83 crore sent to UD & HD for approval |
| 5. | Jamalpur | Due to insufficient underground water a fresh DPR of 41.25 crore sent to UD & HD for approval |
| 6. | Bakhtiyarpur | Re-tender is in process. Price Neutralization not finalized with UD & HD |
| 7. | Barh | Re-tender is in process. Price Neutralization not finalized with UD & HD |
| 8. | Bettiah | Re-tender is in process. Price Neutralization not finalized with UD & HD |
| 9. | Mokama | Re-tender is in process. Price Neutralization not finalized with UD & HD |

5.5.5 Paucity of fund

UD & HD failed to provide adequate funds to the ULBs even after lapse of four years. Scrutiny of records revealed that ₹ 102.46 crore was yet to be released to 17 ULBs against the original estimated cost for water supply scheme as shown below.

Table - 24

(₹ in lakh)

| Sl. No. | Name of ULB | Original Estimate | Amount released by the Govt. | Amount yet to be released by the Govt. |
|--------------|---------------------|-------------------|------------------------------|--|
| 1. | Gaya | 1194.33 | 850.00 | 344.33 |
| 2. | Darbhanga, Phase-I | 800.00 | 300.00 | 500.00 |
| | Darbhanga, Phase-II | 2112.67 | 1632.38 | 480.29 |
| 3. | Purnea, Phase-I | 857.12 | 557.12 | 300.00 |
| | Purnea, Phase-II | 625.25 | 605.54 | 19.71 |
| 4. | Siwan | 579.40 | 479.40 | 100.00 |
| 5. | Katihar | 835.76 | 350.00 | 485.76 |
| 6. | Begusarai | 813.14 | 724.90 | 88.24 |
| 7. | Jamalpur | 1070.26 | 100.00 | 970.26 |
| 8. | Barh | 522.78 | 422.78 | 100.00 |
| 9. | Danapur | 712.78 | 200.00 | 512.78 |
| 10. | Motihari | 856.82 | 200.00 | 656.82 |
| 11. | Kishanganj | 2671.46 | 1838.41 | 836.65 |
| 12. | Hajipur | 1116.17 | 500.00 | 616.17 |
| 13. | Bettiah | 768.45 | 200.00 | 568.45 |
| 14. | Bakhtiyarpur | 358.97 | 100.00 | 258.97 |
| 15. | Sheikhpura | 1847.09 | 1672.51 | 174.58 |
| 16. | Munger | 1380.48 | 1280.48 | 100.00 |
| 17. | Patna | 13052.87 | 9919.98 | 3132.89 |
| Total | | 32175.80 | 21929.90 | 10245.90 |

The PHED stated that due to non-availability of full amount of funds the execution of schemes is pending. The UD & HD also accepted that amount is being released as per availability of fund. Thus, due to paucity of fund the water supply schemes could not be completed. (September-09).

5.5.6 Non-Completion of Schemes due to cost overrun

11 ULBs submitted demands for additional fund of ₹ 69.86 crore for completion of works. Additional fund was required due to cost overrun resulting from a delay in execution of schemes. However, no additional fund has been provided to these ULBs as of Sep.-09 resulting in works not being completed on time as well as cost overrun by 53.40 per cent.

Table - 25

(₹ in lakh)

| Sl. No. | Name of ULB | Revised Estimate | Original Estimate | Cost Escalation | Percentage of Escalation | Reason for cost escalation |
|--------------|----------------------|------------------|-------------------|-----------------|--------------------------|--|
| 1. | Gaya | 1256.63 | 1194.33 | 62.30 | 5.22 % | Revision of estimate |
| 2. | Muzaffarpur, Phase-I | 850.22 | 800.00 | 50.22 | 6.28% | Additional amount Rs. 50.22 lakh demanded from UD & HD |
| 3. | Darbhanga, Phase-I | 1026.54 | 800.00 | 226.54 | 28.32% | Revision of estimate |
| | Darbhanga, Phase-II | 2778.47 | 2112.67 | 665.80 | 31.51% | Revision of estimate |
| 4. | Ara | 662.17 | 602.17 | 60.00 | 9.36% | Additional amount Rs. 60.00 lakh demanded from UD & HD |
| 5. | Siwan | 622.96 | 579.40 | 43.56 | 7.52% | Revision of estimate |
| 6. | Sasaram | 925.00 | 870.41 | 54.59 | 6.27% | Due to enhanced agreement value with the contractor |
| 7. | Jamalpur | 4125.00 | 1070.25 | 3054.75 | 285.42% | Submission of fresh DPR |
| 8. | Hajipur | 1247.26 | 1116.16 | 131.10 | 11.75% | Due to enhanced agreement value with the contractor |
| 9. | Sheikhpura | 2230.12 | 1841.09 | 389.03 | 21.13% | Due to enhanced agreement value with the contractor |
| 10. | Chhapra | 845.93 | 800.83 | 45.10 | 5.63% | Revision of estimate |
| 11. | Munger | 3483.00 | 1280.48 | 2202.52 | 172.00% | Submission of fresh DPR |
| Total | | 20053.30 | 13067.79 | 6985.51 | 53.40% | |

5.5.7 Monitoring and Supervision

The periodical monitoring was to be done by the UD & HD as well as by the PHED. The ULBs were also to seek quarterly physical and financial progress report from the PHED divisions. But, both departments as well as ULBs failed to monitor the progress of work on regular basis. The PHED replied that monitoring and supervision of schemes is being done by their department as well as by the UD & HD department whereas the UD & HD replied that it is the duty of the ULBs concerned to review the physical and financial progress of the work and take appropriate action. No progress reports were produced before audit in the test checked ULBs substantiating the fact of poor monitoring.

5.5.8 Non-fulfilment of purpose for providing drinking water to urban population

Against the original estimated cost of ₹ 416.27 crore, the Govt. released ₹ 313.87 crore to ULBs for execution of work through PHED/BRJP. Further, entire fund as per estimated cost was made available by the State Government for 9 schemes and in 24 cases, the Government failed to provide full estimated cost of the schemes covering all the 28 ULBs(**Appendix-VI**).

In 9 schemes against the available fund of ₹ 73.93 crore, the ULBs/PHEDs utilized only ₹ 46.51 crore and the schemes remained incomplete. Further, for 24 schemes the Government did not provide the whole amount of estimated cost that resulted in non-completion of the water supply schemes after incurring expenditure of ₹ 118.35 crore.

Thus, due to non-utilization of fund by the ULBs/PHEDs and non-release of entire amount by the State Government, the much needed water supply schemes were not completed and the very purpose of providing drinking water to urban people was defeated.

Further, the Govt. released ₹ 8.96 crore for installation of 2508 tubewells but only 1122 nos. of tubewells were installed (September-09) at an expenditure of ₹ 3.47 crore (**Appendix-VII**). Thus, despite expenditure of ₹ 173.83 (164.87+8.96) crore, the benefit of drinking water could not reach the end users due to delay in administrative approval, delay in execution of work, non-transfer of fund to PHED, lack of sufficient/available fund with executing agencies, poor monitoring and supervision etc.

5.5.9 Post installation/maintenance of tubewells

The tubewells were to be installed by the executing agencies at public places and handed over to the ULBs after completion of the work. Scrutiny of record of tender/agreement of the work "installation of tubewells" in 19 ULBs where installation work was done partly/fully revealed that there was no such clause regarding post installation/maintenance of tubewells in the tender/agreement. Thus, the installed tubewells were left without maintenance after installation.

5.6 Utilization Certificates

As per instruction contained in govt. sanction letters the ULBs were to submit utilization certificate to the UD & HD as well as to the Accountant General Office regularly. The PHED replied that Utilization certificate is being sent to UD & HD every month whereas the UD & HD replied that the utilization certificate is being made available by the executing agencies on the basis of execution. However, no Utilization certificates were made available either in PHED or in UD & HD to the audit.

5.7 Conclusion

The objective to provide water facilities to the urban population by the ULBs remained unfulfilled due to delay in sanction, selection of sites, release of fund to the executing agencies, non-completion of work within stipulated time schedule, within financial outlay, poor monitoring and insufficient funds.

5.8 Recommendation

- Monitoring system at both ULB and UD & HD levels may be strengthened,
- Timely action may be taken to complete the incomplete works,
- UD & HD and ULBs should adopt best practices in Project Management to ensure value for money.

Place: Patna

(Atul Prakash)

Date:

**DAG(SS-I)-cum-Examiner,LAD,
Bihar, Patna**

Countersigned

Place: Patna

(R. B. Sinha)

Date:

**Pr. Accountant General (Audit)
Bihar, Patna**