

List of Pending Para

PUBLIC HEALTH & ENGINEERING DEPARTMENT

Year		Pending Para as per PAC
2005-06	Civil	3.5.6
2006-07	Civil	3.5 , 4.1.7 , 4.5.1 , 4.5.2
2007-08	Civil	4.3.1 , 4.5.3

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.5 Accelerated Rural Water Supply Programme

Highlights

Accelerated Rural Water Supply Programme (ARWSP) intended to cover all rural habitations with access to safe drinking water and to ensure sustainability of drinking water systems and sources. Weak contract management led to delay in completion of schemes and low achievement against targets set for installation of handpumps. Swajaldhara started to institutionalise the reform initiative in rural sector failed to provide access to water even in Hajipur which was the sector reform district of the State as all schemes remained incomplete. The quality control mechanism for testing of water was also deficient and weak as no steps were taken to address biological and chemical contamination.

**B
a
c
k**

Department did not prepare annual action plan to provide definite direction to the programme and no planning was made for ground water recharge. Department failed to cover 55336 (76 per cent) NC/PC habitations as of March 2007.

(Paragraph 3.5.6 and 3.5.7)

Out of 56 pipes water supply schemes in test checked divisions, 46 schemes remained incomplete for a period ranging from one to three years despite expenditure of Rs 25.35 crore.

(Paragraph 3.5.9.1)

There was infructuous expenditure of Rs 19.08 lakh on special repair of hand pumps and irregular expenditure of Rs 10.54 crore against departmental works on hand receipts.

(Paragraph 3.5.10.2 and 3.5.10.3)

Swajaldhara failed even in Hajipur which had been selected as a sector reform district.

(Paragraph 3.5.11.1)

There was blockage of materials valued Rs 15.03 crore resulting in denial of benefit to 69.97 lakh rural population.

(Paragraph 3.5.12)

Quality control, monitoring and evaluation mechanism was deficient.

(Paragraph 3.5.13 and 3.5.14)

Introduction

The Accelerated Rural Water Supply Programme (ARWSP), a centrally sponsored programme introduced in 1972-73 was revamped and given a mission approach in 1986. The programme objectives were to achieve coverage of all rural habitations with drinking water supply. The focus of the programme was on covering the not covered (NC)⁸³, partially covered (PC)⁸⁴ and quality affected habitations through hand pumps and pipe water supply schemes. Sector reform in rural drinking was adopted in 1999 and pilot project in selected districts were taken up. The basic concept was a shift from supply driven to demand driven approach to include community participation in planning, implementation, operation and maintenance of the schemes of its choice.

83. *Habitations with water supply less than 10 litres per capita per day (lpcd).*

84. *Habitations with water supply more than 10 lpcd but less than 40 lpcd were PC*

3.5.2 Organisational set up

The Department is headed by Commissioner-cum-Secretary who is assisted by Engineer-in-Chief-cum-Special Secretary (EIC), three Chief Engineers (CEs) at headquarters, three Regional Chief Engineers (RCEs), nineteen Superintending Engineers (SEs) and 49 divisions headed by Executive Engineers (EEs) (38 civil, 7 mechanical and 4 design) at field level.

3.5.3 Audit objectives

The audit objectives were to examine whether :

- the survey of habitations was comprehensive and planning for ARWSP was effective;
 - the financial management was adequate and effective ;
 - the scheme was executed economically, efficiently and effectively;
 - the objective of demand driven rural water supply through Swajaldhara was effectively achieved and
- the monitoring system was adequate and effective.

3.5.4 Audit criteria

- Guidelines of ARWSP and SWAJALDHARA ;
- Project Implementation Plan for individual schemes;
- Bihar Public Works Accounts (BPWA) Code, Bihar Financial Rules (BFR) and Bihar Treasury Code (BTC).

3.5.5 Audit coverage and methodology

The performance audit of Accelerated Rural Water Supply Programme was conducted between May and August 2007 for the period 2002-07 through testcheck of records of Engineer-in-Chief office and 10 divisions⁸⁵ out of 38. The selection of divisions was made as per simple random sampling without replacement method. Entry conference with the Secretary, Public Health Engineering Department (PHED) was held (May 2007) in which audit objectives, criteria and methodology were explained. The audit findings were discussed

with the senior officers of the department in a meeting held in October 2007. The views expressed in the meeting were taken into account while drafting the report.

85. *Ara, Bhagalpur (W), Biharsharif, Hajipur, Motihari, Muzaffarpur, Patna (East), Samastipur, Sasaram and Sheikhpura.*

Audit findings

3.5.6 Survey for identification of NC/PC habitations

As per the GOI guidelines, the survey was to be completed by 31 March 2003 to ascertain reliable information on the status of drinking water supply in rural habitation / schools and to test the quality of existing water sources.

Delay in completion of survey for two years

In test-checked divisions survey was completed after delay of two years (May 2005) which led to delay in commencement of schemes. No quality testing of existing water sources was carried out though required.

The Department identified 72,392 NC/PC habitations in the State on the basis of survey and converted only 17,056 NC/PC habitations (24 *per cent*) into FC habitations during 2005-07. The coverage of NC/PC habitations was being reported on the basis of hand pumps only in violation of ARWSP guideline which stated that one hand pump or standpost was estimated for every 250 persons. The department had not taken into account coverage of NC/PC habitations based on the 69 water supply schemes completed during 2002-07 under ARWSP. The number of standposts and their location was not available with the department. Thus, the number of NC/PC habitations was overstated and a realistic assessment was required to be made.

**B
a
c
k**

3.5.7 Planning

As per the ARWSP guidelines, the Department was required to prepare an annual action plan six months prior to the commencement of the financial year in order to provide a definite direction to the programme and to ensure monthly and quarterly monitoring of physical and financial progress. While preparing the plan, completion of incomplete schemes was to be given priority over taking up of new works. However, the number of incomplete schemes rose from five in 2003-04 to 46 in 2006-07 in test checked divisions.

Action plan not prepared and no planning for ground water recharge

The Department did not prepare annual action plan during 2002-07 as there was no planning wing in the Department. Annual plans available with the divisions were merely statements of target and achievement. As per records of Central Ground Water Board 6 blocks in the State were overexploited and 14 blocks have serious water problems but no plans were being formulated for construction of water harvesting structures for ground water recharge. The Secretary PHED accepted during exit conference that annual action plans were not being prepared during 2002-05. He accepted that planning for ground water recharge should receive emphasis.

3.5.8 Financial management

Under ARWSP, funds were provided to States for making provision of safe drinking water in rural habitations. Of this, 15 *per cent* funds can be spent on operation and maintenance (O&M) of the existing drinking water systems and sources. State Government should match funds released by the Government of India on 1:1 basis.

20 *per cent* of the annual outlay of ARWSP was earmarked for implementation of reforms oriented Swajaldhara and Sector Reform projects. The funding pattern for these projects was

in the ratio of 90 per cent from Government of India and 10 per cent by way of community contribution.

The funds released by the GOI and State Government and expenditure incurred thereagainst on ARWSP during 2002-07 was as under:

Year	Opening balance of GOI funds	Funds allocated		Funds released		Total funds available		Expenditure	
		GOI Funds	State Funds	GOI Funds	State Funds	GOI Funds (2+5)	State Funds	GOI Funds	State Funds
1	2	3	4	5	6	7	8	9	10
2002-03	4.38	74.06	44.55	37.03	44.27	41.41	44.27	33.09	38.22
2003-04	8.32	63.19	67.66	31.59	57.15	39.91	57.15	24.28	52.69
2004-05	15.63	54.67	53.33	74.00	35.98	89.63	35.98	43.88	25.14
2005-06	45.75	153.24	97.60	153.24	61.44	198.99	61.44	69.55	43.21
2006-07	129.44	185.71	130.46	92.86	160.48	222.30	160.48	136.82	96.32
Total		530.87	393.60	388.72	359.32		359.32	307.62	255.58

(Source : Information furnished by Engineer-in-Chief)

It may be seen from the table that the GOI released only Rs 388.72 crore (73 per cent) against the total allocation of Rs 530.87 crore during 2002-07.

In test-checked divisions, the funds released and expenditure thereagainst on ARWSP was as shown below:

B
a
c
k

Year	Opening balance of GOI funds	Funds released		Funds available		Expenditure	
		GOI Funds	State Funds*	GOI Funds (2+5)	State Funds	GOI Funds	State Funds
1	2	3	4	5	6	7	8
2002-03	0.09	13.22	17.34	13.31	17.34	10.15	16.11
2003-04	3.16	13.63	17.63	16.79	17.63	10.35	15.79
2004-05	6.44	13.51	12.63	19.95	12.63	6.64	8.45
2005-06	13.31	31.84	20.34	45.15	20.34	23.02	13.98
2006-07	22.13	57.66	49.89	79.79	49.89	29.99	31.35
Total		129.86	117.83	-	117.83	80.15	85.68

* State Fund includes matching State share of ARWSP and funds for other schemes of RWS scheme under State plan

(Source : Information furnished by Divisions)

The following was observed:

In test checked divisions, out of Rs 129.86 crore released by GOI, only Rs 80.15 crore (62 per cent) was utilised during 2002-07.

Irregular retention of funds of Rs 10.74 crore on proforma bills drawn

Eight divisions kept Rs 17.10 crore in the shape of bank drafts in March 2007 by drawing funds on proforma bills for purchase of materials, out of which Rs 10.74 crore⁸⁶ was lying unutilised as of August 2007.

Under Swajaldhara GOI allocated Rs 19.24 crore as first instalment for the year 2005-06 and released Rs 14.43 crore (December 2005). The Department did not have information in respect of sanctioned schemes and expenditure under Swajaldhara for the entire State.

86. Ara: Rs 2.35 crore, Bhagalpur (W): Rs 1.30 crore, Biharsharif: Rs 0.10 crore, Hajipur:Rs 2.35 crore, Patna (E): Rs 0.04 crore, Sasaram: Rs 0.67 crore, Sheikhpura Rs 2.22 crore and Motihari: Rs 1.71 crore.

3.5.9 Implementation of pipe water supply schemes

3.5.9.1 Incomplete schemes

182 pipe water supply schemes with an estimated cost of Rs 155.21 crore were taken up during 2002-07 in the State but information relating to status of schemes and expenditure thereagainst was not available with the Department (March 2007). Test-check disclosed that divisions furnished progress report in respect of pipe water supply scheme on monthly basis but the Department failed to compile such information for the entire State.

Potable water was not being provided in nine out of ten schemes reported to be completed.

Out of 56 pipe water supply schemes⁸⁷ taken up between 2002 and 2006 in test-checked divisions, ten schemes were reported to be completed after delay of one to two years from its target date of completion as of March 2007. Of these four remained non-functional due to non-energisation in PHED Motihari as of October 2007. Physical verification of five completed schemes disclosed that chlorinator was not installed in three schemes and was non functional in remaining two schemes. Thus potable water was not being provided to targeted beneficiaries through nine out of 10 reportedly completed schemes.

Expenditure of Rs 25.35 crore on 46 incomplete schemes

**B
a
c
k**

Forty six pipe water supply schemes with an estimated cost of Rs 38.27 crore remained incomplete after incurring expenditure of Rs 25.35 crore for a period ranging from one to three years as of March 2007. The reasons of their noncompletion were delay in finalisation of tenders and award of work (23), non energisation by mechanical wing of PHED (4), site problem (5), delay on part of the contractor (4), delay in procurement of materials (8) and abandonment of work (2). As such, intended benefit to provide safe drinking water to 2.76 lakh persons was denied despite expenditure of Rs 25.35 crore.

During test check it was noticed that work for laying of C.I. rising main and construction of pump house under Ghoswari pipe water supply scheme under PHED, Patna (E) was awarded (July 2004) to an agency for Rs 5.77 lakh. The work was abandoned by the contractor after spending Rs 0.64 lakh due to faulty DPR which relied on electricity though there was no electricity in the area. A revised estimate on solar energy was being submitted for Rs 6.63 lakh. This shows that DPRs were being prepared without ascertaining ground realities. Thus, due to faulty planning there was cost escalation of Rs 1.50 lakh and blockage of materials valuing Rs 31.06 lakh as well as denial of benefit to the population of that area.

3.5.9.2 Cost escalation

As per the guidelines of ARWSP, amount released under the scheme could not be utilised/adjusted against any cost escalation.

Payment of Rs 27.93 lakh due to cost escalation

In five divisions, CE (Design) made provision of Rs 1.65 crore⁸⁸ irregularly for price variation during approval of technical sanction of 12 pipe water supply schemes against which Rs 7.93 lakh⁸⁹ was paid by the two divisions (March 2007). The Secretary accepted during exit conference that provision for cost escalation should not be made while providing technical sanction.

87. Ara (5), Samastipur (11), Motihari (7), Sheikhpura (3), Bhagalpur (4), Sasaram (8), Muzaffarpur (5), Biharsharif (6), Patna East (7)

88. Ara (Rs 32.16 lakh), Motihari (Rs 16.34 lakh), Patna (E) (Rs 9.93 lakh), Samastipur (Rs 93.44 lakh), Sasaram (Rs 13.39 lakh)

89. Ara (Rs 20.43 lakh) and Motihari (Rs 7.50 lakh)

3.5.9.3 Unauthorised payment

Unauthorised payment of Rs 25 lakh

As per provision under Bihar Public Works Accounts Code, a revised estimate was to be prepared where price variation was above 15 *per cent* than estimated cost. 12 agreements for construction of water tower in four divisions were made at higher rates ranging from 16 to 81 *per cent* over the estimated cost of Rs 2.49 crore during 2004-07. A payment of Rs 25 lakh on account of enhancement (March 2007) was made without approval of the revised estimate. The Secretary informed during exit conference that normally a tentative provision is made in the estimate which leads to some cost escalation at the time of approval depending on the local site location and its schedule of rate. The reply of the Department was not acceptable because estimates should be prepared after survey and site verification.

Substandard execution of water tower works

3.5.9.4 Substandard execution of water tower work

Rule 419 of BTC stipulates that the rough measurement should be recorded in notebook and the certificate of EE should be obtained in case of execution of work under lump-sum contracts to ensure execution of work as per prescribed specification. Further as per the terms of contract, payment in respect of construction of water tower should be made only after obtaining compressive strength test report of cubes casted at each stage of work.

In four divisions⁹⁰, nine water tower works were executed on lump sum contracts without taking rough measurement, work done certificates of respective EEs and compressive strength test report of cubes. Thus, in view of non-compliance of quality control measures, substandard execution of water tower works valued Rs 1.68 crore could not be ruled out.

**B
a
c
k**

3.5.9.5 Unfruitful expenditure

Construction work of water tower of pipe water supply scheme (Tarari) under PHE division Ara was abandoned (April 2005) after incurring expenditure of Rs 16.72 lakh due to death of contractor. The Division did not take any action to complete the work (August 2007). Thus expenditure of Rs 16.72 lakh incurred on the scheme remained unfruitful.

3.5.9.6 Inadequate system of prequalification of contractors

Award of work valued Rs 57 lakh without assessing the competency of agency led to incomplete work

The work valued Rs 57 lakh for construction of high yield tube well under Shakhund pipe water supply scheme under PHE division, Bhagalpur (W) was awarded (December 2006) to a contractor who did not possess rig machine though required for execution of work. As such, the work could not be started by the agency as of July 2007, which led to denial of intended benefit to 13000 persons besides idle store valued Rs 34.20 lakh procured for the work (September 2007). Department should have a pre qualification mechanism to ensure that only contractors owing necessary equipment were permitted to participate in financial bids.

90. Ara: 5, Bhagalpur (W): 1, Patna East: 2 and Motihari: 1

91. Ara (Rs 2.03 lakh), Muzaffarpur (Rs 3.82 lakh), Samastipur (Rs 3.11 lakh), Motihari (Rs 4.01 lakh), Bhagalpur West (Rs 0.58 lakh), Sasaram (Rs 4.67 lakh), Patna East (Rs 0.86 lakh)

3.5.10 Installation of hand pump

3.5.10.1 Low achievement against target

Utilisation certificates for Rs 111.07 crore not received from panchayat

The Department transferred Rs 88.74 crore for sinking of 47,536 hand pumps and Rs 22.33 crore for special repair of 46,101 hand pumps to panchayats during 2002-05 but no utilisation certificates from panchayats were obtained by the divisions / Department as of March 2007. Subsequently, the Department took up the work of sinking and special repair of hand pumps departmentally from 2005-06.

The targets fixed by the Department for installation and special repair of hand pumps and achievement vis-à-vis expenditure incurred under different components during 2005-07 were as under:

Hand pumps under	Period: 2005-07			
	Target		Achievement	
	Physical	Financial (Rs in crore)	Physical	Financial (Rs in crore)
NC/PC	50923	113.59	24704	81.33
SM	13534	36.49	9577	31.10
SC Tola	1740	3.54	1552	3.39
Special Repair	16485	9.25	13939	8.10
School	4087	6.74	202	2.89
Total	86769	169.61	49974	126.81

(Source : Information furnished by Engineer-in-Chief)

Achievement for sinking of hand pumps under different components of ARWSP during 2005-07 was only 49,974 (57 per cent) against 86,769 indicating poor achievement. In test-checked divisions the achievement of installation of hand pumps was only 11,317 (35 per cent) against target of 32,321 during 2005-07.

**B
a
c
k**

3.5.10.2 *Infructuous expenditure on special repairs*

Infructuous expenditure of Rs 19.08 lakh on special repairs

Test-check disclosed that lowering of 40 mm GI pipes in special repair work of hand pumps ranged from 14 meter to 35 meter in 555 test-checked hand pumps in seven divisions⁹¹ whereas potable water was available after 41 meter. Thus due to insufficient lowering of pipe, potable water could not be provided after special repairs and expenditure of Rs 19.08 lakh on special repair of hand pumps was infructuous. Engineer in Chief cum Special Secretary assured that instructions will be issued so that SR work is executed as per required depth.

91. Ara (Rs 2.03 lakh), Muzaffarpur (Rs 3.82 lakh), Samastipur (Rs 3.11 lakh), Motihari (Rs 4.01 lakh), Bhagalpur West (Rs 0.58 lakh), Sasaram (Rs 4.67 lakh), Patna East (Rs 0.86 lakh)

3.5.10.3 *Irregular expenditure on hand receipts*

As per the provision under Bihar Public Works Account Code, payment on hand receipts (HR) was not permissible except in emergency cases. Payment of labour charges was to be made through Muster Roll.

Irregular payment of Rs 10.54 crore for departmental work on HR

Payment of Rs 10.54 crore⁹² was made on HR during 2005-07 against departmental works for sinking, repair, maintenance of hand pumps and pipe water supply schemes. The details regarding labour engaged, period of execution of works, sanction order of estimate were not recorded on HR. Also, detailed measurement of executed work was not recorded in the measurement book. Thus, expenditure of Rs 10.54 crore for departmental works on HR was irregular.

The Secretary accepted during exit conference (October 2007) that payment through incomplete HR was irregular and necessary instructions had been issued to all officers to record detailed entry of work as per codal provisions.

3.5.11 *Implementation of Swajaldhara*

Swajaldhara was launched by scaling up the sector reform initiatives in rural drinking water supply schemes throughout the country.

3.5.11.1 *Incomplete schemes*

The funds under Swajaldhara was to be provided by GOI subject to a maximum of 90 per cent of the capital cost for 40-lpcd and 80 per cent for 55 lpcd service levels and remaining amount was to be met through community contribution. GOI fund was to be released in two equal instalments (each 50 per cent of the GOI's share) under Swajaldhara.

Utilization certificates of Rs 5.69 crore not received

GOI funds of Rs 5.69 crore was released to 395 Village Water and Sanitation Committees (VWSCs) in eight divisions⁹³ as first installment for 358 hand pumps schemes and 37 pipe water supply schemes during 2004-07. All the projects remained incomplete as of September 2007. Due to non-submission of utilisation certificate of first installment second installment of GOI funds was not released (March 2007).

During test-check of PHED Vaishali Division, Hajipur⁹⁴ it was observed that out of Rs 5.69 crore, Rs 3.44 crore was sanctioned under Swajaldhara for construction of 2891 hand pumps of 40 lpcd and 55 lpcd service level in 349 VWSCs in PHED, Hajipur (Vaishali) with Rs 3.11 crore as a GOI share. Of these, the division released Rs 2.61 crore (84 per cent) for installation of hand pumps as the first instalment during 2004-06 in excess of 50 per cent share. The respective VWSCs had not taken second instalment due to nonsubmission of utilisation certificate of first instalment. Therefore, all the projects remained incomplete till September 2007.

92. Ara (Rs 1.54 crore), Bhagalpur (Rs 0.40 crore), Biharsharif (Rs 1.10 crore), Hajipur (Rs 0.63 crore), Motihari (Rs 1.08 crore), Muzaffarpur (Rs 1.64 crore), Samastipur (Rs 0.86 crore), Patna East (Rs 0.88 crore), Sasaram (Rs 1.77 crore), Sheikhpura (Rs 0.64 crore)

93. VWSC, Biharsharif (17), Hajipur (351), Motihari (1), Sasaram (10), Sheikhpura (6), Patna East (8), Muzaffarpur (1), Ara (1)

94. Vaishali was declared as the Sector Reform District for implementation of Swajaldhara

B
a
c
k

Similarly, two pipe water supply schemes (Phulhara bano and Bithauli Anirudh) under Swajaldhara were taken up by PHED, Hajipur on the closure of earlier pilot project in December 2003 remained incomplete.

Thus there was a complete denial of benefits under water supply scheme to population of Vaishali district during 2002-07.

3.5.12 Store management

Blockage of store valuing Rs 15.03 crore

The Department procured 27,989 IM III hand pump sets valuing Rs 14.20 crore and 62,248 strainer (40 mm) valued Rs 0.83 crore (March 2007). The department could not procure 40 mm and 65 mm GI pipes and 125 mm UPVC casing pipe due to non finalisation of tender and court case pending with Hon'ble High Court, Patna against Government's decision to procure UPVC pipe from manufacturers located in Bihar only. This resulted in blockage of materials valued Rs 15.03 crore besides denial of intended benefit to 69.97 lakh⁹⁵ rural population.

Other points noticed were as under:

- In five divisions⁹⁶ store materials (80 mm and 125 mm GI pipe) valued Rs 25.17 lakh were lying idle for more than six years as of September 2007.
- Scrap taken out during repairs of hand pumps was not entered in the stock registers during 2002-07. Thus, possibility of misappropriation of scrap could not be ruled out. The Secretary assured (October 2007) to issue instructions to account for the scrap in the stock registers.
- Annual physical verification of stores was not conducted regularly though required under rules in test checked divisions.

3.5.13 Quality control mechanism

Periodic testing and monitoring of water quality was essential for providing safe drinking water to rural people on a sustained basis. Chemical examination of water was necessary to ensure supply of potable water to people. Analysis of water quality monitoring report of the Department disclosed that out of 44,677 samples of water tested during 2005-07, 7,970 samples (18 per cent) were having bacteriological and chemical problem but no corrective action was taken. In test-checked divisions, 1,167⁹⁷ hand pumps were affected with bacteriological and chemical contamination but no steps were taken either for water treatment or for marking of these hand pumps as of September 2007.

Communication and Capacity Development Unit of State Water and Sanitation Mission was to provide field testing kits for quality testing of drinking water. Test checked divisions were not provided with field testing kits in for quality test of drinking water. The Secretary intimated in exit conference that field testing kits had been procured (October 2007) and training was being imparted at district level.

95. $27,989 \times 250 = 69.97$ lakh..

96. Samastipur (Rs 1.92 lakh), Motihari (Rs 1.92 lakh), Bhagalpur (Rs 1.27 lakh), Sasaram (Rs 1.05 lakh), Hazipur (Rs 19.01 lakh).

97. Patna (East) : 22 ; Hajipur : 33 ; Sheikhpura : 284 ; Sasaram : 91 ; Ara : 61 ; Biharsharif : 8 ; Bhagalpur : 668.

B
a
c
k

3.5.14 Monitoring and inspection

The monitoring cell headed by SE under EIC with the assistance of two Deputy Directors (each one for evaluation and investigation) and one EE (monitoring) was responsible for coordination and monitoring of the schemes.

As per the departmental order Engineer-in-Chief, Chief Engineer (M), Regional Chief Engineer, SE and EE were required to do field inspection for 3, 4, 6, 10 and 15 days respectively in a month. Test check disclosed that no inspection report of inspection done by SE, CE, RCE and EIC was available during 2002-07. Further, information relating to incomplete schemes under ARWSP and Swajaldhara for the entire State was not being compiled by the Department indicating total absence of monitoring during 2002-07. The Secretary intimated (October 2007) that monitoring mechanism would be strengthened through web monitoring system.

3.5.15 Action taken report on previous audit report

Review on ARWSP for the period 1997-2001 was featured in Audit Report (Civil) for the year ended 31 March 2001. The audit findings were yet to be discussed by the Public Account Committee as of October 2007. Deficiencies pointed out in the earlier Audit Report relating to programme achievement, execution of work, water testing laboratories etc. persisted during 2002-07 as detailed in *Appendix XLV*.

3.5.16 Conclusion

ARWSP failed to provide potable water in the State due to large number of incomplete works under pipe water supply, handpumps and Swajaldhara during 2002-07. Low priority on completion of existing works over taking up of new schemes resulted in increase in number of incomplete schemes during 2002-07. There was no planning for ground water recharge despite the existence of over exploited blocks in the State. Special repairs resulted

in wasteful expenditure as pipes were not lowered upto the required depth. Quality control mechanism was deficient as field testing kits were yet to be distributed. Monitoring system was not in place as evidenced from the fact that the department did not have updated status of works being implemented in the State.

Recommendations

- Incomplete schemes should be completed on priority basis.
- Integrated planning should be made to decide a judicious mix of surface water supply and ground water supply schemes which should also provide for ground water recharge for sustainable use of water resources.
- Water quality issues should be addressed immediately.
- Procurement of materials should be done well in time and keeping in view the requirement of PWSS and hand pumps.
- Monitoring mechanism should be strengthened.

The above points were reported to State Government (October 2007); their reply has not been received (October 2007).

4.1.7 Fraudulent payment

Fraudulent payment of Rs 3.13 lakh, loss of interest for Rs 14.94 lakh due to keeping of TSC fund in current account and unauthorised payment of Rs 2.91 lakh to motivator.

The Government of India released (November 2001) Rs 3.20 crore for Banka district under Total Sanitation Campaign (TSC) of the Restructured Central Rural Sanitation Programme for construction of individual household latrines (IHL) for BPL families, community sanitary complex (CSC) for women and sanitary facility in schools (SFS). As per guidelines of TSC, funds were to be kept in savings bank account. The interest accrued on TSC funds were to be treated as part of TSC resources. The State Government also released its share of Rs 72 lakh and bank interest of Rs 29 lakh was earned upto March 2007. Thus, amount available for implementation of the scheme was Rs 4.21 crore. Of this, Rs 1.41 crore was spent on construction of 27601 units individual household latrines¹⁷ as of March 2007.

Audit scrutiny (April-May 2007) of vouchers of four blocks¹⁸ in Divisional Office, Banka disclosed the following :

- In violation of the guidelines, the Division kept the entire amount of Rs 3.20 crore in current account during December 2001 to January 2003. This resulted in loss of interest of Rs 14.94 lakh.
- In three blocks (Dhoraiya, Banka and Barahat), payment of Rs 8.85 lakh was made during April 2004 to January 2006 for construction of 1791 units of individual household latrines but list contained name of only 1741 beneficiaries as there were gap in the serial numbers of the list. Thus, fraudulent payment of Rs 0.25 lakh was made to executing agency.
- Names of IHL beneficiaries were recorded in one bill as per their BPL number and in another bill as per Lal Card number. Names of 297 beneficiaries appeared twice, 18 appeared thrice and 4 appeared four times leading to fraudulent payment of Rs 1.73 lakh¹⁹ between February 2004 and November 2006. In addition, payment was

also made twice/thrice to 216 persons against 187 beneficiaries who hold the same BPL number in the same panchayat/village (which was not possible) resulting in fraudulent payment of Rs 1.15 lakh²⁰.

The Division paid Rs 2.91 lakh between November 2004 and September 2005²¹ to five motivators directly from the TSC funds whereas payment of motivators was to be made from the contribution of beneficiaries.

Thus, there was fraudulent payment of Rs 3.13 lakh, loss of interest of Rs 14.94 lakh and unauthorised payment of Rs 2.91 lakh. Based on the findings of audit, the Executive Engineer directed the executing agencies to deposit the amount.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Engineer-in-Chief, Public Health Engineering Department (November 2007).

17. At the rate of Rs 625 up to March 2006 and Rs 1500 from April 2006 per unit.

18. Barahat, Banka, Dhoraiya and Shambhuganj

19. $345 \times 500 = 1.73$ lakh

20. $205 \times 500 + 11 \times 1200 = 1.15$ lakh

21. 9.11.04 : Rs 1.80 lakh, 8.12.04 : Rs 0.28 lakh and 23.9.05 : Rs 0.84 lakh

**B
a
c
k**

4.5.1 Irregular purchase and doubtful utilisation

Spare parts valued Rs 76.49 lakh was irregularly purchased by splitting up of purchase orders to avoid competitive bidding. Besides, utilisation of material was doubtful as material account and location of hand pumps were not on record.

The Public Health Engineering Department (PHED) issued instructions (August 2006) for purchase of materials⁸¹ after administrative approval of estimates and on the recommendation of rates approved by the regional purchase committees⁸². As per departmental instructions (October 1987) spare parts of India Mark II deep well hand pump were to be purchased from qualified suppliers approved by UNICEF or ISI mark manufacturers of the State. Further, publicity of NIT through newspapers/ internet was compulsory if the value of tender exceeded Rs one lakh as envisaged in para 159 of BPWD code. Vigilance department directed (March 1994 and February 2000) that only Head of the Department (HOD) was empowered to permit execution of work/supply upto Rs 2000 on cash payment without inviting tender/quotation and even HOD was not competent to split any work/supply for bringing it in his competency.

Scrutiny of records of PHED, Gaya disclosed that spare parts for hand pumps amounting to Rs 76.49 lakh were purchased between June 2006 and March 2007 on the basis of 111 quotations (April 2006 to February 2007) in violation of aforesaid instructions. Wide publicity through print media was not made. Quotations were splitted to avoid sanction of the higher authority. It included purchase of spare parts of India Mark II deep well hand pump amounting to Rs 44.70 lakh from supplier of outside the State. The quality test of purchased materials was also not carried out and payments were made on bill/ invoice without certificate of stock entry though required under Rule 118 of Bihar Public Works Accounts (BPWA) Code.

The spare parts were issued to JEs who further issued it to tubewell khalasis. However, receipt of spare parts by tube well khalasis were not taken though required under Rule 121 of BPWA code. Besides, no material account was rendered by JEs though required to be submitted monthly as per Rule 123 of BPWA code. Exact location of handpumps in which spare parts were consumed was not on record and measurements were not recorded in MB. Thus, utilisation of materials was doubtful.

The Executive Engineer stated (July 2007) that purchases were made on quotations on the consent of higher authority. The reply was not acceptable, because even HOD was not competent to split up purchases and the entire purchase was in violation of extant rules and instructions.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

81. *Spare parts of IM II and III hand pumps, PVC tanks, submersible pump of 1&2 HP capacity, GI pipe of less than 40 mm dia, bleaching powders, all type chemicals etc.*
82. *Headed by Regional Chief Engineer with senior most Superintending Engineer (SE) of the region, S.E. related to concerned work and representative of Industries Department as its member.*

4.5.2 Irregular expenditure on printing of advertisement

Inadequate mass awareness was created as entire funds of Rs 45.92 lakh was irregularly spent by State Water and Sanitation Mission on printing of advertisements in newspapers.

**B
a
c
k**

Guidelines of Total Sanitation Campaign issued by Central Government (May 2002) for creation of demand and awareness provides for information education communication activities (IEC) to be carried out through motivators and use of local communication channels like puppet shows, street plays, bhajan mandalies etc. The illustrative list of IEC activities given in guidelines of Rajiv Gandhi National Drinking Water Mission (RGNDWM) included Inter-Personal communication (door to door contact), Audio-visual publicity, hoarding and wall writing.

Scrutiny of records (July 2007) of Communication and Capacity Development Unit of State Water and Sanitation Mission (SWSM) disclosed that:

- Out of Rs six crore provided for IEC, Rs 1.80 crore were transferred to District Water and Sanitation Committees (DWSCs) and Rs 3.69 crore was lying unspent as on 31 March 2007. Rupees 45.92 lakh was spent by SWSM on printing of advertisements in newspapers between March 2006 and June 2007 in contravention of aforesaid guidelines;
- The expenditure on advertisements was wasteful as total daily circulation of six newspapers in which advertisements were printed was 9.53 lakh against total population of 83 million. Besides, the BPL population of State was 35.69 million out of which 31.76 million (89 *per cent*) resided in rural areas⁸³. Further, rural literacy rate was 41 *per cent* as per census of 2001. The Public Relation Department also viewed (April 2007) that advertisement through newspaper was not enough and proper in respect of issues that required providing information to public on sustained basis. The Member Secretary of SWSM did not obtain approval of Apex Executive committee as required and incurred Rs 2.31 crore⁸⁴.(July 2007).

Member Secretary, SWSM replied that about 50 lakh above poverty line population were literate and who can read and understand advertisements. The reply was not acceptable, as resorting to newspaper advertisements as the only method of spreading awareness regarding the campaign and ignoring other effective means such as inter-personal communication (door-to-door contact), audio-visual publicity, hoarding and wall-writing resulted in poor dissemination of the message of total sanitation.

The matter was reported to Government (September 2007); their reply had been received (October 2007) which has been incorporated as above.

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.3.1 Avoidable expenditure

Undue favour and injudicious decision led to avoidable expenditure of Rs 1.27 crore.

The Public Health Engineering Department (PHED), Bihar floated an NIT (November 2005) for procurement of 11.15 lakh meter (40 mm light class galvanized mild steel tubes) pipe. The tender was valid for 180 days and materials were to be supplied within 60 days of supply order.

Scrutiny (September 2007) of records of Engineer-in-Chief (EIC), PHED disclosed that out of five firms which participated in the bid¹⁷, M/s Bhawani Industries Ltd., Punjab was the lowest one and quoted rate of Rs 113 per meter. However, M/s Shakti Tubes Ltd, Patna quoted fourth lowest (L4) rate. The Purchase Committee decided (18.1.2006) to procure entire quantity of tubes from M/s Shakti Tubes Ltd at negotiated rate of Rs 120.85/meter as it was a State based firm though, negotiation was allowed with lowest bidder only vide rule 164 of the Bihar Public Works Department (BPWD) Code. However, Member, Vigilance of the purchase committee viewed that awarding the entire purchase order to higher bidder was injudicious. Hence, purchase committee on its own reviewed its decision (2.3. 2006) and split the purchase in the ratio of 3:1:6 among L1, L2 and L4 bidder. The quantity of procurement was reduced to 8.17 lakh meter¹⁸ due to delay in finalisation of tender. The delivery schedule was also reduced to 18 days. Accordingly, supply orders were placed (13.3.2006) to L1 and L2 bidder at Rs 113/meter and to M/s Shakti Tubes Ltd (L4) at Rs 120.85/meter. The supply quantity of M/s Shakti Tubes Ltd was further reduced (29.3.2006) to 2.79 lakh meter from 6.57 lakh meter on request of the firm (11.3.2006) owing to hike in steel price and reduction in supply period. The L1 bidder refused to supply due to reduction in supply period, changing the inspection agency and hike in steel price. As a result, procurement of only 3.89 lakh meter¹⁹ tubes could be materialized against initial requirement of 11.15 lakh meter. The Department invited fresh tender (June 2006) for 7.97 lakh meter (including balance quantity of 7.26 lakh meter) and placed purchase order for procurement of 7.38 lakh meter to M/s Bhushan Power & Steel Ltd, Chandigarh at the rate of Rs 142/meter.

In this regard, it was further observed that credentials of M/s Shakti tubes were not satisfactory in respect of quality of material and observance of the supply schedule. A vigilance case was also pending against the firm for substandard supply. But, ignoring the poor credentials of the firm, the purchase committee favoured this firm by deciding to procure entire quantity from this firm which resulted in revision of the decision and delay in placing the purchase orders for 54 days (18.1.2006 to 12.3.2006). The decision to reduce the supply period despite validity of tender up to 19.6.2006 was also injudicious. Further, instead of ensuring the procurement of tubes from the bidders within validity period of tender, the Department wasted 80 days (1.4.2006 to 19.6.2006) and procured the balance material through fresh tender. Thus, procurement of the material at higher rate from M/s Bhushan Power & Steel Ltd, Chandigarh led to avoidable expenditure of Rs 1.27 crore²⁰.

The EIC, stated (November 2007) that tender was decided by the purchase committee in

presence of representative of Industries department. The reply was not acceptable as credentials of the bidder, views of the Member, Vigilance, provisions of the BPWD Code and terms and conditions of the NIT should have been considered prior to finalization of tender.

The matter was referred to Government (May 2008); their reply had not been received (December 2008).

17. *M/s Bhawani Industries Ltd., Punjab: L1= Rs 113/meter, M/s BMW Industries Ltd., Kolkata: L2=Rs 114/meter, M/s Bhushan Ltd., Chandigarh: L3= Rs 118/meter, M/s Shakti Tubes Ltd., Patna: L4=Rs 128/meter and M/s Rawalwasia Ispat Udyog Hisar: L5=Rs 144/meter .*
18. *M/s Bhawani Industries, Punjab: 3.28 lakh meter (P.o.No.-1551 dated 13.3.2006), M/s BMW Industries Ltd., Kolkata: 1.10 lakh meter (P.o.No.-1530 dated 13.3.2006) and M/s Shakti Tubes, Patna: 2.79 lakh meter (P.o.No.-1976 dated 30.3.2006)*
19. *M/s Shakti Tubes Ltd: 2.79 lakh meter and M/s BMW Industries Ltd.: 1.10 lakh meter.*
20. *(520030 meter pipe procured in 13 divisions for Rs 71429620) – (supply of 520030 meter pipe at Rs 113/meter= Rs 58763390) = Rs 12666230.*

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.5.3 Non-submission of utilisation certificates by Panchayats

By non-adherence to the instructions contained under resolution and circulars issued from time to time, the PHE Department failed to ascertain utilization of scheme funds amounting to Rs 91.06 lakh.

The Government of Bihar resolved (September 2001) that funds for installation and repair of hand pumps and providing sanitation facilities were to be transferred to Gram Panchayats through Executive Engineer, PHED by drawing through AC bills. Detailed instructions on this were issued through a resolution in January 2003.

The Executive Engineer PHED, Madhepura advanced Rs 91.06 lakh to 170 Gram Panchayats under 12 Blocks during the periods 2001-05 for installation, ordinary repairs, special repairs of hand pumps (HP) and construction of Sulabh Shauchalay (toilets) as per details below:

<i>(Rupees in lakh)</i>				
Period	Special /Ordinary repair	Installation against MLA fund	Construction of Sulabh Shauchalay	Total
2001-02	4.91	-	-	4.91
2002-03	6.52	-	-	6.52
2003-04	21.89	19.33 (-0.73)	6.75	47.97 (-0.73)
2004-05	27.26 5.13		-	32.39
Grand Total	65.71	18.60	6.75	91.06

The Panchayats were required to furnish item-wise details of expenditure on the 5th of each of the following months and monthly/quarterly progress report of physical and financial achievement to the concerned Executive Engineers. Site account register maintained by Panchayats were to be verified by the concerned divisions (JE/AE). Further, Rule 342 of Bihar Financial Rule (B.F.R) provides that utilization certificate of grant-in-aid must be furnished to the Accountant General within a year from

the date of sanction. The account of expenditure in DC bills was to be submitted to Accountant General.

Scrutiny of records (March 2008) disclosed that neither accounts of expenditure in DC bill, nor utilization certificate for Rs 91.06 lakh were submitted (June 2008) even after a lapse of three to six years. No site account register was verified by the Junior Engineer/ Assistant Engineer as per provision in the resolution. In this regard, the state Government circulated instruction (December 2006) to all Districts Officers for issuing necessary instruction to Deputy Development Commissioner (DDC) and other regional officers to take concrete and effective steps for ensuring submission of utilization certificates. But, no utilization certificates were submitted even after a lapse of one and half year of the instruction of Government. As a result, the fund for 2005-06 was not sanctioned by the Government.

The Executive Engineer replied (July 2008) that letters for obtaining utilization certificate were written to the concerned Panchayats.

B
a
c
k

Thus, by non-adherence to the instructions contained under resolutions and circular issued from time to time, the Department failed to ascertain utilisation of scheme funds amounting to Rs 91.06 lakh. Without verification of site account by JE/AE it could not be ascertained whether works were actually completed.

The matter was reported to Government (July 2008); their reply had not been received (December 2008).