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MOST IMPORTANT

No. IPH-B(194-1)/2016
Government of Himachal Pradesh
Department of Irrigation & Public Health.

From The Principal Secretary(IPH) to the
Government of Himachal Pradesh.

To The Engineer-in-Chief (IPH),
Himachal Pradesh, Shimla-1.
Dated: Shimla-171002, 21, 04-2017

Subject: Utilization of O&M funds and norms thereof.

Sir,

I am directed to refer to subject cited above and to say that I&PH Department is funding and maintaining Water Supply Schemes, Irrigation Schemes and Sewerage Schemes in the State. This is a very critical function of the department to ensure effective and sustainable functioning of all the schemes within its purview. The amount of funding available for O&M is lesser than the requirement as per norms and has also declined over the years. Thus it becomes very important that funds available under O&M be utilized strictly as per laid out norms which should further the objective of smooth, efficient, effective and sustainable operation and maintenance of all schemes.

Two issues have engaged the attention of Government in the last few months in this regard viz (i) out sourcing of schemes for O&M. It is observed that, for big schemes, complete O&M portion has been outsourced for a period 3 to 5 years which has yielded positive results. Whereas in case of small schemes, either only pumping machinery operation and or maintenance or only labour component has been outsourced. The following issues arise out of the present system of outsourcing :

- There are no prescribed/standard norms for outsourcing of schemes in the department and hence, different divisions have worked out different ways of outsourcing resulting in difficulties in monitoring and lop-sided fund utilization.

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- Often, outsourcing O&M of small schemes becomes costly and difficult to supervise, thereby causing resentment among public representatives.
and (ii) unplanned utilization of funds under O&M leading to possible deterioration of expensive equipment over time, non replacement of pumping machinery, non maintenance of pump station buildings and a general lack of a systematic approach towards infrastructure created by the departments.

In view of the above, there is urgent need of establishment of norms for allocation and spending of O&M funds at the department level. The following guidelines are therefore issued with immediate effect:

1. Consolidated funds shall be maintained under O&M at the level of E-in-C.
 - a. All operation and maintenance funds shall be allocated to the zone by the Engineer in Chief, as per Zonal Action Plans to be submitted by Chief Engineer in the last quarter of the previous financial year.
 - b. Under these plans, 70% of the total O&M amount shall be utilized scheme-wise on replacement of pumps, maintenance of storage tanks, pump houses; replacement of leaking pipes, and automation as needed;
 - c. 30% would be allocated to Executive Engineers at Division level to meet all emergent needs. This would be subject to 6 monthly review by SEs who would certify the expenditure incurred in the previous 6 months as emergent and appropriately spent on proper O&M schemes must be indicated by XEN's.
2. Operation and maintenance contracts for big schemes may be continued as per current practice particularly for those schemes in which O&M for 5 years was part of the initial construction contract.
 - a) In this regard Chief Engineers of the concerned zone would be responsible for ensuring that a proper O&M shelf is prepared circle wise in their zone for renewal or provision of O&M for a period of at least 3-5 years; such shelf/sub projects should be sent to the government for providing funds at least 8 to 12 months before expiry of the original/previous O&M period.

3. For smaller schemes out sourcing of O&M is prohibited. In exceptional conditions where due to complete lack/shortage of staff or in other specific exigencies to be justified, the concerned SE would outsource the operation and maintenance of smaller schemes. Care would be taken to ensure that proper qualified manpower is provided by the private contractor, machinery and equipment of the department is taken care of for which there should be an inbuilt provision in the contract and the time period of the contract should be not less than 3 years. A proper amount of security deposit should be taken from the contractor to ensure proper care of equipment and to make good any losses for digression from the original contract.

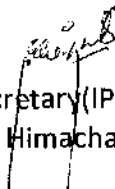
a) For small schemes, Community and Gram Panchayat involvement may be encouraged.

b) Where-ever out sourcing of O&M is resorted for smaller scheme SE's will ensure that a standard cost norm is fixed for the circle on actual basis.

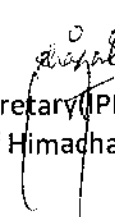
Chief Engineers shall be responsible for proper utilization of O&M funds in their zones and may hold a quarterly review of the same.

4. E-in-C may circulate a draft model contract agreement for outsourcing for Big and Small schemes separately. This may be followed carefully by all.

Yours faithfully,


Deputy Secretary (IPH) to the
Government of Himachal Pradesh.

Copy to the \Chief Engineer, IPH Department, Himachal Pradesh, Shimla/Mandi/Hamirpur and Dharamshala for necessary compliance.


Deputy Secretary (IPH) to the
Government of Himachal Pradesh.