

## A Dam in Distress

The Subarnarekha is an inter-state river flowing through the state of Bihar, West Bengal and Orissa. A plan to utilize the water resources of the river for the purpose of irrigation in the tribal dominated areas of the riparian state, mainly the Singhbhum district of Bihar and flood moderation in west Bengal and Orissa was formalised by the government of Bihar engineers as early as 1973 and in 1974 it was handed over to the government of India for clearance. The estimated cost of the project at the time was Rs. 129 crore. The central Water Commission (CWC) cleared the project in 1975 itself when the government of India proposed to pose it for the World Bank Assistance.

Had the project not been quered up for external assistance and instead taken up under the tribal sub-plan provision, it would have completed sometimes in the seventh five year plan period bringing desired benefits to the socially and economically backward region of the cobasin state. The main benefits of the project, in brief, are to increase agricultural production through a reliable water supply for irrigation of about 1.60 lakh hectares, 90 thousand hectares and 5 thousand hectares of cultivatable command area in Bihar, Orissa and West Bengal respectively. It provide municipal and industrial water supply mainly to the city of Jamshedpur and the industries in and around it, and to provide flood moderation in estimated area of about one lakh hectares in West Bengal and Orissa.

According to the staff appraisal report of the world Bank at full development the Subarnarekha irrigation system would benefit 1.30 lakh farm families generate 1.38 lakh farm and 24.8 thousand non-farm employment, increase 7 lakh farm m.t. foodgrain production every year besides expected flood moderation of Rs. 2 crore, value-addition in agriculture of Rs. 148.5 crore annually.

The lengthy process of World Bank's technical and financial assistance caused inordinate delay and ultimately proved detrimental to the project. Not only that despite huge expenditure of over Rs. 550 crore incurred during its first phase of the project failed to deliver any benefit but also the World Bank's assistance at about Rs. 115 crore received during this period did not even offset the increase in the cost of the project for World Bank assistance in 1978, the bank insisted on preparation of a fresh feasibility report by a consultant of its own choice. It cost Rs. 50 lakh and two valuable years were lost in the process. Then the World Bank took another two years for pre-sanction appraisal of the project. By the time the World Bank finally cleared the project proposal for assistance in October 1982, the estimated cost of the project increased from original Rs. 129 crore to Rs. 480 crore.

The interesting part of the whole exercise was that after all this rigmarole there was no specific change either in scope of the project or in technical feature whatsoever expect introduction of some new jargons and few modifications here

and there from in and not in substance. Even the size of the reservoirs and the canals remained unchanged. The increase in cost was only due to inclusion of certain items like provision of lined water courses and lined field channels, warehousing facilities and marketing, transport and communication facilities and training of engineers in irrigation management etc. such provisions in normal irrigation project are made in command area development programmes which follows completion of the main engineering components of the project. Inclusion of very high capital costs of these items had very adverse financial implication.

The Bihar and Orissa components of the Subarnarekha irrigation system were scheduled to be developed fully by the year 1993 and 1994 respectively. According to the World Bank staff appraisal report, the project would have delivered irrigation in 1.35 lakh hectares in Bihar and 35.5 thousand hectares in Orissa had the Bank provided the financial assistance for throughout implementation till fully completion of the project.

Nor did it provide for completion of any particular self-contained unit or component of the project. Such as completion of Chandil Dam and canal system or Icha Dam, or Kharkai barrage and Kharkai canal system etc. but as it intentionally provided for only partial execution of all such works in the name of first time slice. As a result of termination of assistance under first slice in April 1988, the tempo of work generated over last six years through Herculean effort abruptly slowed down and it is languishing since then for want of funds. After termination of the 1<sup>st</sup> phase agreement with the World Bank, the government of Bihar spent about Rs. 300 crore in the last three year from its meager resources out of tribal sub-plan and proposed to spend Rs. 75 crore in the current year i.e. 1992-93 over the SMP thereby raising the total expenditure on the project to above Rs. 600 crore.

This clearly indicates that the world Bank deliberately got works started all over and after first slice abruptly stopped assistance to ensure non-completion of any subsystem and hence non-accrual of benefits. The audit wing of the World Bank has also taken cognizance of this factor in its report in April this year and indicted the World Bank official's incharge of SMP project for blind embrace of time slicing, suppressing the application of more logical principals for defining boundaries between project phases. The audit report attributed the delay and cost overruns to incomplete survey and investigation and opined that phase-1 configuration was imposed politically and World Bank officials preferred the political decision rather than technical and engineering necessities. The project did not sequence investments activities efficiently in time and space and even the staff appraisal report and project completion report preferred in the beginning and end of the time slice funding respectively did not evaluate with precision the economic performance of the time slice operation.

The abrupt stoppage of assistance by the World Bank after completion of the first time slice has yet another serious implication. The slowing down of

activity has already resulted in slippage in implementation schedule and consequent cost overrun. University prevails over the future of entire project and whether the World Bank would provide further assistance for the remaining work is not yet clear. The most disturbing feature of this is that inspite of close supervision of the first phase work all along the World Bank now insist on preparation of a fresh feasibility report for the remaining work. Only after this bank would again take up pre-sanction appraisal and would perhaps, consider scope of further assistance. Though the technical soundness and economic viability of the SMP project as a whole has been already established in the previous feasibility study and accepted in the staff appraisal report of the bank. Obviously this process is designed to deprive the project of financial assistance for another three-four years.