

Problems and Prospects of Contracting Out in India: A Case Study

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Abstract

Contracting out of public services at the local level has been increasingly used by the governments all around the globe. The present study makes an attempt to examine the process being undertaken by the local governments in India with special reference to Municipal Council Panchkula, Haryana. It has been found that despite its advantages, the contracting-out process suffers from many lacunae beginning right from the contract-design stage; to awarding the contract; its implementation; and most importantly it's monitoring. It is suggested that only when these shortcomings are addressed, the contracting-out process would deliver quality public services to the citizens.

Keywords: Contracting Out; Competitive Bidding; Public Services; Urban Local Government; India

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Introduction

After decades of continuing expansion of State involvement in economic activity throughout the world, the 1980s have seen marked reversal. Instead of State control and planning, there has been emphasis on market and competition. The policy of privatization has been accepted by majority of countries in Australasia, European Community and South America. Many international institutions and organizations, such as, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (The World Bank) have opted for privatization as an urgent policy. Consequently majority of the developing countries have also adopted this policy. Many governments have announced to sell State-owned enterprises and improve the performance of enterprises that remain in government hands. Efforts are also being made to transfer the activities from public sector to private sector. Various alternative ways are being explored to deliver public services. Contracting out is one such alternative. "In response to the changes in the fiscal and political environment, local governments are rethinking the ways in which they deliver services. Contracting out is the alternative considered most frequently" (Ferris and Graddy, 1987). According to John Stainback, "the most common types of privatization are contracting out public services to the private sector...." (Stainback, 1999).

In general, contracting out has been introduced to carry out services, such as, refuse collection, hospital cleaning and catering, street cleaning, bus transport, water supply, traffic light maintenance, tree pruning, fire protection, parking, parks and recreation, security services in several countries and has resulted in better services with less administrative headaches (Mathur, 2005). The advocates of contracting out are of the view that it leads to efficiency gains in terms of cost savings. "For several services, evidence demonstrates that private production is cheaper than public production" (Prokopenko, 1995). Further, surveys of public officials, before-and-after studies, and cross-sectional econometric studies demonstrate that savings average about 25 per cent for the same level and quality of services, after taking into account the cost of administering and monitoring the contract (Savas, 2001; and Stevens, 1984). The Competitive Tendering and Contracting Research Team at the University of Sydney studied contracting in the State of Western Australia and found that savings averaged 20 per cent of the pre-contract cost (Fargo, Hall and Domberger, 1994). The opponents, however state that government programmes and services are products of public policies. These policies are adopted with public interest in mind, not the profit motive and the spirit of entrepreneurship. They argue that "as private companies are driven by profit motive they may be tempted to cut corners on service unless city closely monitors the private company's performance. Previous research has suggested that cities do not do a very good job in performing their oversight functions" (Dilger, Moffett & Struyk, 1997). Further some are of the view that "awarding contracts in the absence of competitive bidding can result in specter of corruption" (Moe, 1987). Also "creaming, like corruption can occur if the government is careless. Private contractors and public bureaus alike may tend to avoid the difficult work required in the poorer neighborhoods of a city" (Kolderie, 1986).

As mentioned earlier, the contracting out is being increasingly adopted for provision of services especially at the local level in various countries, including India, yet very little effort has been made to examine empirically the various facets of contract management of public services. The present study proposes to fill this gap by studying the process of contract management in the Municipal Council, Panchkula, Haryana, India.

Research Methodology

The present study proposes to examine the various facets of contract management of select public services in Panchkula, Haryana. In particular, the study intends to examine the following questions: Whether the contracts are being awarded with open competitive bidding system? Do we have enough number of potential contractors around to provide competition? Whether the governmental agencies have sufficient information about the scope and nature of service to be contracted out? Do the contractors resort to low-balling in order to get a foot in the door? Do the governmental agencies have made any arrangement for effective monitoring of contractor performance and work outcome? To get answer to these questions, both primary and secondary sources of information are being extensively used. The Secondary sources include, the documents, contracts signed between Municipal Council Panchkula and private parties over the years for different services, budget, studies conducted by various agencies from time to time, books, journals and newspapers. The sources of Primary Data are two schedules; one was administered to the officials of the Municipal Council Panchkula and the second to the citizens of the Municipal Council Panchkula to ascertain their responses. As already mentioned, the city of Panchkula comprises of sectors, villages and colonies. A sample of 75 respondents; 25 each from 2 sectors (urban localities); 2 villages and 2 colonies have been chosen for administering the schedules to generate information. Further, a schedule is also administered to select officials of the Municipal Council Panchkula, contractors and their employees for generating information regarding contracting process and management. Observation method is used to supplement the information thus collected.

The study has been divided into four sections. Section I provides the detailed information about the functions performed by the Municipal Council Panchkula. Contracting out process in the fields of sanitation and electricity at Municipal Council Panchkula has been presented in Section II. The results of field survey have been discussed in Section III. The last Section contains concluding observations.

Case Introduction: Municipal Council Panchkula, India

Panchkula, the Satellite City is a beautiful, well-planned city in the State of Haryana. It has 28 Sectors, 13 Villages and 4 Colonies. Its local affairs are being looked after by Municipal Council Panchkula. In order to manage its local affairs, the Municipal Council Panchkula came into existence on the 26th January 2001. The Council is divided into 31 wards, each represented by a Municipal Councillor.

A large number of services are being provided by the Municipal Council Panchkula. The prominent among them are, sanitation, including cleaning roads, removal of garbage from Municipal rubbish bins, handling complaints regarding in-sanitary conditions, stray dogs/cattle and dead animals; roads/drain/building maintenance, including temporary filling of pot holes/road cuts, patch repair, removal of rubbish malba, removal of encroachment on road, drain repairs both major and minor, and construction of new roads/drains; provision of street light; No Objection Certificate for water supply/sewerage connection, electricity and registration of sale deeds; licenses for supply of application forms, acceptance & acknowledgment of application and receipt of license fees, reporting deficiency in application to the applicant and grant of license; fire services, including fire calls and fire reports as per occurrence book; municipal taxes, including enquiry, correction of bills, deposit of taxes, transfer/addition of property for tax on land and buildings and decision of transfer of tenancy of Municipal Shops/Khokhas receipt of application; parks including the development of new parks, grass cutting, pruning of hedges, and watering/cleaning; rented municipal property, including application for reservation of

grounds/parks for function, decision of allotment, confirmation of reservation and in case of cancellation; building permission, including any enquiry regarding submissions of building plan, submission of building plan, decision on building plans, issuance of DPC certification, extension of validity of building plan, issue of completion certificate, composition of unauthorized construction if compoundable as per Bye-laws and action on complaints regarding unauthorized construction/encroachment; and miscellaneous functions, including disposal of every type of complaints (non specific), all types of copies other than House Tax, domicile/resident/caste verification certificate and enquiries regarding supply of materials/tender of municipal works.

Table 1 reveals that there is acute shortage of manpower with the Municipal Council Panchkula as the staff available is much lower in number than the sanctioned posts and as many as 66 per cent of the sanctioned posts are lying vacant. Recently, the Executive Officer, Municipal Council, Panchkula requested the Deputy Commissioner, Panchkula to fill all the sanctioned 104 posts, transfer 126 posts from Haryana Urban Development Authority (HUDA) so that citizens can be provided with efficient, effective and good quality public services (Municipal Council Panchkula, 2006).

Table 1: Staff Position in Municipal Council Panchkula

| S. No. | Name of the Post | Sanctioned Posts | Filled Posts | Vacant Posts |
|--------|------------------------------|------------------|--------------|--------------|
| 1. | S.D.E. | 1 | 0 | 1 |
| 2. | M.E. | 1 | 1 | 0 |
| 3. | Junior Engineer | 6 | 1 | 5 |
| 4. | Work Inspector | 1 | 0 | 1 |
| 5. | House Tax Superintendent | 1 | 1 | 0 |
| 6. | Clerk | 18 | 3 | 15 |
| 7. | Chief Sanitation Inspector | 1 | 0 | 1 |
| 8. | Sanitation Supervisor | 2 | 1 | 1 |
| 9. | Sanitation Worker | 10 | 9 | 1 |
| 10. | Accountant | 1 | 1 | 0 |
| 11. | Junior Engineer (Electrical) | 1 | 1 | 0 |
| 12. | ATP | 1 | 0 | 1 |
| 13. | Building Inspector | 2 | 0 | 2 |
| 14. | Patwari | 1 | 0 | 1 |
| 15. | F.S.O. | 1 | 1 | 0 |
| 16. | A.F.S.O. | 1 | 0 | 1 |
| 17. | Leading Fire Man | 9 | 2 | 7 |
| 18. | Driver | 9 | 2 | 7 |
| 19. | Fireman | 26 | 7 | 19 |
| 20. | Peon | 1 | 1 | 0 |
| 21. | Executive Officer | 1 | 1 | 0 |
| 22. | Secretary | 1 | 1 | 0 |
| 23. | Office Superintendent | 1 | 0 | 1 |
| 24. | Office Assistant | 2 | 0 | 2 |
| 25. | Driver | 3 | 1 | 2 |
| 26. | Peon cum Chowkidar | 2 | 1 | 1 |
| Total | | 104 | 35 | 69 |

Source: Official Documents of Municipal Council, Panchkula.

In the absence of availability of adequate staff, Municipal Council Panchkula has contracted out a number of services to private parties. Some of these services include, sanitation; maintenance of parks; maintenance of streetlights; fire services (partly); some aspects of billing; and catching/removal of stray cattle (of and on). The service of bus queue shelters numbering around 50 is also in pipeline for privatization.

Contracting-out of Public Services in Municipal Council Panchkula

Contracting Procedure

Municipal Council Panchkula contracts out a particular service by adopting a set procedure. Proposal is submitted by the concerned department to Municipal Council, Panchkula for approval. Once a decision is taken in this regard; an advertisement to this effect is published in leading newspapers for wider publicity. Interested parties are asked to submit their proposals within stipulated period of time. The tenders are opened in the presence of President, Executive Officer, Secretary of the Municipal Council Panchkula and the concerned contractors. The proposals are scrutinized and the private party offering the least amount and meeting all the requirements for providing that particular service is asked to sign an agreement. The agreement contains terms and conditions and obligations on the part of the contractor.

As mentioned earlier, the Municipal Council Panchkula has contracted out activities such as the maintenance of sanitation, electricity, parks and removal of dead animals to the private parties. The study has specifically looked into two contracted-out services, namely, sanitation and street light maintenance, which have been discussed below:

Maintenance of Sanitation Services

For the purpose of sanitation, the area of the city has been divided into two zones. Zone Number 1 includes Sectors 12, 12A, 14, 15, 16, 17, 18, 19, Industrial Area Phase I and II, Villages Fatehpur, Kundi (big and small), Abheypur, Rajiv colony and Indira colony and Budenpur. Zone Number 2 for sanitation purposes includes M.D.C. Sector 4, Bhainsa Tibba, M. D. C. Sector 5, Sectors 6, 7, 8, 9, 10, 11, 2 and 4, Gurukul Colony, Majri, Kharag Mangoli, Devi Nagar, Mahespur, Azaad Colony, Jai Singh Pura, Nada Sahib, Banna and Madanpura.

In case of sanitation, the terms and conditions of a recent contract signed between Municipal Council, Panchkula and the successful bidder are as under:

1. **Employees:** As per the memorandum of understanding signed between the Government of Haryana and the successful bidder, minimum of 150 employees in Zone I and 167 employees in Zone II would be employed by the contractor. It is mentioned that Rs. 200/ per employee would be charged as a penalty on the contractor for hiring employee less than the prescribed number.
2. **Service Conditions:** For each zone Rs. 2, 00, 000/- have to be deposited by the contractor as security deposit, which is refundable (without interest payment). The contractor has to ensure the cleanliness of all the mohallas, streets and drains (Nallis) falling in his area. Every day contractor has to submit Inspection/Attendance Report to Executive Officer/Secretary. Officials can check/inspect the zones at any time. Contractor has to ensure that supervisors appointed by him in each zone should be given mobile and

- they are available in the zone during duty. A contractor can apply only for one zone at a time. Contractor has to provide at least three Tractor Trolleys in each zone and the cost for which has to be borne by the contractor. All the sanitation workers employed by the contractor should be given uniforms, identity cards and they should be of the age 18 to 50 years. The responsibility of their health and life lies with the contractor. Each employee has to be given Employee's Provident Fund (EPF) by the contractor and this information should be communicated to the Council. The terms and conditions further states that the contractor has to provide cleanliness in a manner resulting in complete satisfaction of the citizens and Municipal Council. If cleanliness is found to be deficient or any of the terms and conditions are violated then the contractor has to pay a penalty of Rs. 25,000/- per violation.
3. **Time:** The working hours for sanitation are 6 a.m. to 11 a.m. and 2 p.m. to 5 p.m. in the summers and 7 a.m. to 12 noon and 2 p.m. to 5 p.m. in the winters.
 4. **Complaint Handling:** For handling the complaints, it is stated that contractor has to open an office in his zone and employ one worker at his office and another at Municipal Council's office. This complaint handling office should remain open from 6 in the morning to 6 in the evening including all Saturdays, Sundays and National Holidays. The complaints should be handled in 24 hours time limit and its report be sent to Municipal Council's office.

Maintenance of Street Lights Services

For the purpose of maintenance of street lights also, the area of the city has been divided into two zones. The zones are same as that mentioned above for maintenance of sanitation.

In case of street light maintenance, the terms and conditions of a recent contract signed between Municipal Council, Panchkula and the successful bidder are as under:

1. **Duration of the Contract:** The contract is given to the private party for a period of one year only. It is mentioned in the contract that the contract is given for a period of 2 months on trial basis and only after satisfactory report of the EO/President, it will be extended for further period but not more than one year.
2. **Obligations of the Contractual Party:** Contractual party will provide all the necessary material required for the maintenance of existing points such as lamps/sodium lamps/tube road/chokes/starters/igniters, etc. Contractual Party will provide sufficient skilled labour – Mechanical Lift Ladders, Tool Kits and required safety measure instruments at his own level. The Contract Firm will provide the detailed list of workers to MC. Supervisors employed by the Agency must be technically qualified. In each sector/village, the contractor shall employ 2 full time supervisors with mobile communication system and shall give their contact numbers to MC Panchkula. A penalty of Rs. 1000/- per day will be charged until the mechanical ladder/lift is provided. In case he fails to provide the same within 15 days, his contract is liable to be cancelled. Contractual Agency must have license from the Chief Electrical Inspector, Haryana, and should have 2 years experience of maintenance of street light. Maintenance materials should be of standard make. The Contractor shall have to rectify the unlit street light points within 48 hours on the receipt of the complaint/Notice and if he fails to do so Rs. 50/- per point per day will be charged as penalty. Contractor will be responsible for switching “On/Off” of the street light

system, failing which he will be liable to pay the difference of energy calculated on the basis of connected load for the period of default of Rs. 5/- per point per hour, whichever is higher. The Contractor will submit daily compliance report of all complaints attended during the day at 4:45 p.m. to Executive Officer/Secretary/J.E. (Electrical).

3. **Complaint Handling:** Contractor shall provide office in the area at two places and one in MC office with telephone facilities, where public contact and lodge their complaints. One full time qualified employee in each office will have to be deputed by the contractual agency. The said office shall remain open with attendant from 6:00 a.m. to 12:00 midnight including all Saturdays, Sundays and all other gazetted holidays.
4. **Termination of the Contract:** The contract can be terminated by giving 15 days notice by the Executive Officer/President in case the performance of the Firm/Contractor is not found satisfactory and security shall be forfeited. The Contractor shall deposit Rs. 1, 50, 000/- as security within 7 days, which will be refunded without interest after the successful completion of the contract. In case of any dispute, the Deputy Commissioner, Panchkula will be the Arbitrator and his/her decision shall be binding on both the parties.

Survey Findings

In order to find out, how efficiently the above-mentioned provisions of the contracts are being implemented and what is the satisfaction level of the citizens towards the services being provided by the contracting parties, a survey was undertaken.

Field Survey

As the City of Panchkula has been divided into sectors, villages and colonies, a schedule, containing questions on various aspects of working of contracted-out services, such as, sanitation and street lights maintenance, within the jurisdiction of Municipal Council Panchkula, was administered to the citizens living in the urban, rural and slum areas. The major findings in this regard are as follows:

Sanitation in Urban Areas

In Urban Areas of Sector 14 and 20, all the respondents stated that sanitation workers visit their locality and 96 per cent said that they were regular. Further 80 per cent of the respondents stated that the frequency of the visit of sanitation workers was to the tune of once a day. The satisfaction with the sanitation services in their locality was reported by 52 percent. 28 per cent of the respondents had actually made complaint against the sanitation worker in their locality and only 8 per cent had it redressed, no wonder 16 percent were not happy with the complaint handling process.

Regarding public toilets, 60 per cent of the respondents stated that they were not clean. Handling/removal of dead animals reported better responses with 80 per cent feeling that they are tackled immediately by the sanitation workers. Congress Grass, a weed is a problem in many parts of the Municipal Council Panchkula and 60 per cent reported that they were regularly cleaned by the sanitation workers in their locality. Majority of the respondents (64 per cent) stated that proper dustbins are made available in their locality. However, the cleaning of dustbin does not take place on regular basis, according to 56 per cent of the respondents. Sanitation workers were not seen wearing masks and gloves by 88 per cent of the respondents, posing serious issues of health of sanitation workers. As many as 20 per cent of the respondents also reported that

sanitation workers were not working on holidays, which is a violation of contract agreement. Surprisingly, 52 per cent of the respondents wanted their localities cleaned in the evening time as opposed to the existing morning time. Shockingly none of the respondents were aware of the telephone number of sanitation supervisor in their area (See Table 2).

Table 2: Findings across Localities Regarding Sanitation Services

| S. No. | Issues | Urban Areas (%) | Rural Areas (%) | Slum Areas (%) |
|--------|--|-----------------|-----------------|----------------|
| 1. | Visit of Sanitation Workers to Locality | 100 | 100 | 72 |
| 2. | Regularity of Visit | 96 | 100 | 0 |
| 3. | Frequency of Visit Less Than Once a Day | 20 | 84 | 100 |
| 4. | Satisfaction with Sanitation Services | 52 | 0 | 0 |
| 5. | Have Made Complaint Against Sanitation Workers | 28 | 68 | 56 |
| 6. | Was Complaint Redressed? | 8 | 8 | 4 |
| 7. | Cleanliness of Public Toilets | 40 | 0 | 0 |
| 8. | Cleaning of Dead Animals in Locality | 80 | 0 | 0 |
| 9. | Cleaning of Congress Grass (A Weed) in Locality | 60 | 0 | 0 |
| 10. | Proper Dustbins Made Available in Locality | 64 | 16 | 32 |
| 11. | Are The Dustbins Cleaned on Regular Basis? | 44 | 16 | 20 |
| 12. | Sanitation Workers Wear Gloves and Masks | 12 | 0 | 0 |
| 13. | Sanitation Workers Work on All Days Including Holidays | 80 | 64 | 0 |
| 14. | Would You Like to Clean Your Locality in the Evening Instead of Morning? | 52 | 24 | 8 |
| 15. | Awareness About Telephone Number of Sanitation Supervisor | 0 | 0 | 4 |

Source: Field Survey, 2008-2009

Sanitation in Rural Areas

In Rural Areas of Villages Kundi and Fatehpur, all the respondents stated that sanitation workers visit their locality and 100 per cent said that they were regular. However, as many as 84 per cent of the respondents stated that the frequency of the visit of sanitation workers was even less than once a day. The satisfaction with the sanitation services in their locality was reported in negative by 100 per cent of the respondents. Massive 68 per cent of the respondents had actually made complaint against the sanitation worker in their locality, but only 8 per cent had it redressed, no wonder citizens were dissatisfied with the sanitary services and not happy with the complaint handling process. Regarding public toilets, all (100 per cent) of the respondents stated that they were not clean. Handling/removal of dead animals reported the same response with 100 per cent feeling that they are not tackled immediately by the sanitation workers. Regarding Congress Grass, a weed, again all (100 per cent) reported that they were not regularly cleaned by the sanitation workers in their locality. Majority of the respondents (84 per cent) stated that proper dustbins are not made available in their locality and 96 per cent stated that cleaning of dustbin

does not take place on regular basis. None of the respondent stated that sanitation workers were seen wearing masks and gloves, posing serious issues of health of sanitation workers. As many as 36 per cent of the respondents also reported that sanitation workers were not working on holidays. Surprisingly, 24 per cent of the respondents wanted their localities cleaned in the evening time as opposed to the existing morning time. Again, shockingly none of the respondents were aware of the telephone number of sanitation supervisor in their area (See Table 2).

Sanitation in Slum Areas

In Slum Areas of Indira and Rajiv Colonies, 72 per cent of the respondents stated that sanitation workers visit their locality and all of them (100 per cent) said that they were not regular. Further again 100 per cent of the respondents stated that the frequency of the visit of sanitation workers was less than that of once a day. The satisfaction with the sanitation services in their locality was reported in negative by all (100 per cent) of the respondents. No wonder as many as 56 per cent of the respondents had actually made complaint against the sanitation worker in their locality, but only 4 per cent had it redressed, no wonder citizens were dissatisfied with the sanitary services and not happy with the complaint handling process. Regarding public toilets, all (100 per cent) of the respondents stated that they were not clean. Handling/removal of dead animals reported the same response with 100 per cent feeling that they are not tackled immediately by the sanitation workers. Regarding Congress Grass, a weed, again all (100 per cent) reported that they were not regularly cleaned by the sanitation workers in their locality. Majority of the respondents (68 per cent) stated that proper dustbins are not made available in their locality and 80 per cent stated that cleaning of dustbin does not take place on regular basis. None of the respondent stated that sanitation workers were seen wearing masks and gloves, posing serious issues of health of sanitation workers. All the respondents (100 per cent) also reported that sanitation workers were not working on holidays. Only 8 per cent of the respondents wanted their localities cleaned in the evening time as opposed to the existing morning time. Again, shockingly massive 96 per cent of the respondents were not aware of the telephone number of sanitation supervisor in their area (See Table 2).

Street Light Maintenance in Urban Areas

In Urban Areas of Sector 14 and 20, a massive 96 per cent of the respondents stated that street light points are not functional in their locality. As many as, 76 per cent of the respondents reported that street light points in their locality are not switched off according to the needs and natural light. Majority of the respondents (96 per cent) were dissatisfied with the street light services provided in their locality. However, only 20 per cent had made complaint about street lights in their locality and 16 per cent reported non- redressal and hence their non-satisfaction with the complaint handling process. 24 per cent of the respondents suspected corruption in the street light maintenance work. Majority (88 per cent) of the respondents were not satisfied with the quality of the material used in street light maintenance (See Table 3).

Street Light Maintenance in Rural Areas

In Rural Areas of Villages Kundi and Fatehpur, all (100 per cent) of the respondents stated that street light points are not functional in their locality. Again 100 per cent of the respondents reported that street light points in their locality are not switched off according to the needs and natural light. All the respondents (100 per cent) were dissatisfied with the street light services provided in their locality. However, none had made complaint about street lights in their locality. Lack of awareness about complaint redressal machinery was quoted as the reason for it. 40 per cent of the respondents suspected corruption in the street light maintenance work. Massive

majority (96 per cent) of the respondents were not satisfied with the quality of the material used in street light maintenance (See Table 3).

Street Light Maintenance in Slum Areas

In Slum Areas of Indira and Rajiv Colonies, all (100 per cent) of the respondents stated that street light points are not functional in their locality. Again 100 per cent of the respondents reported that street light points in their locality are not switched off according to the needs and natural light. All the respondents (100 per cent) were dissatisfied with the street light services provided in their locality. However, only 16 per cent had made complaint about street lights in their locality and all of them (16 per cent) reported non-redressal and hence their non-satisfaction with the complaint handling process. 56 per cent of the respondents suspected corruption in the street light maintenance work. Majority (88 per cent) of the respondents were not satisfied with the quality of the material used in street light maintenance (See Table 3).

Table 3: Findings Across Localities Regarding Street Light Maintenance

| S. No. | Issues | Urban Areas (%) | Rural Areas (%) | Slum Areas (%) |
|--------|--|-----------------|-----------------|----------------|
| 1. | All the Street Light Points Functional in Locality | 4 | 0 | 0 |
| 2. | Street Lights Switched On and Off According to the Needs and Natural Light | 0 | 0 | 0 |
| 3. | Satisfaction with the Street Light Services | 4 | 0 | 0 |
| 4. | Have Made Complaint About Street Lights in Locality | 20 | 0 | 16 |
| 5. | Was Complaint Redressed? | 4 | 0 | 0 |
| 6. | Is there Corruption in the Street Light Maintenance Work? | 24 | 40 | 56 |
| 7. | Satisfaction with the Quality of Material Used in Street Light Maintenance | 12 | 0 | 0 |

Source: Field Survey, 2008-2009

Field visit to several parts of Panchkula also reveals that several of villages and colonies and even parts of some sectors do not have functional street lights. These dark areas include Rajiv Colony, Bhainsa Tibba, Haripur, Sector 14 and Sector 20. The survey shockingly points out to the discrimination being adopted by the authorities towards colonies and villages, where authorities have not even bothered to work on complaints and fault rectification for months at a stretch. Some of these areas stinks and present a picture of dumping grounds.

Concluding Observations

The analysis of the contracts signed between the Municipal Council Panchkula and the contracting parties and the findings of the survey undertaken has brought out interesting findings. In the light of these, the following observations have been made to streamline the process of contracting-out of local public services:

Firstly, the successful contracting out requires an in-depth study in the beginning to know whether it is beneficial to contract out a service to a private party or should it be provided by the department itself. However, the present study reveals that the reason for contracting out of

services in the case of Municipal Council Panchkula is inadequacy of availability of human resources. No efforts were made to work out the costing details and no comparisons were made. The Municipal Council Panchkula is short of staff, and there was no other alternative but to hand over the provision of service to a private party.

Secondly, the contract design is a very important step in the contracting out process. It should be clear, thorough, accurate and contain unambiguous specifications. Further, it should also be written in a simple language which can be understood by a common man. A poorly designed contract will result in unnecessary misunderstandings at the implementation stage. In the case of Municipal Council, Panchkula, the study reveals that contracts are poorly designed with ambiguous specifications and in the absence of effective enforcement by the Municipal Council officials; the quality of service is the biggest casualty.

Thirdly, the contract should be awarded to a private party after introducing great deal of competition. It has been observed during the study that were not many bidders. Only few apply and normally the same contractor has been awarded the contract, thereby defeating the very purpose of contracting. It is just like substituting the government monopoly by monopoly of the private service provider. It has very serious implications.

Fourthly, the proper monitoring and supervision is the most critical component of contracting out process. It has been observed during the study that there is very poor supervision and monitoring of contractual arrangements in Municipal Council Panchkula due to non-availability of qualified staff. For example, it was found during the study that only one Junior Engineer is supervising both the zones and this is in addition to his normal work. No wonder, the provisions contained in the contracts are flouted by the contractors with impunity. For example, the contract requires a dedicated full time qualified employee available to the citizens from 6:00 a.m. to 12:00 midnight including on all Saturdays, Sundays and other gazetted holidays for complaint handling. However, there is only one person deputed by the contractor for the same and she too performs many jobs and timings have been kept from 9:00 a.m. to 5:00 p.m. Redressal of grievances, therefore is the casualty. In addition to this, there is a sub-office at Sector 15 Panchkula for handling the complaints. Again it is a novel experiment, wherein contractors have colluded by pooling their resources and employing a common person to handle complaints. These arrangements are in violation of agreements, wherein it is clearly mentioned that contractors shall provide office in the area at two places and one in MC Office with telephone facilities and working hours will be 6 a.m. to 12 midnight in the case of electricity. Further, provisions regarding penalty does exist in contract, but the study reveals that contractors are rarely fined for non-conformity with the provisions of the contract. This poor supervision has also resulted in high degree of corruption and is prevailing in the form of bribery, supply of sub-standard material, charging of commission, payment of wages and misuse of rules with regard to social security of employees, e.g. non-payment of Employee's Provident Fund (EPF). Recent newspaper reports brought out irregularities in the working of the Municipal Council Panchkula in terms of violation of terms and conditions; quoting higher rates; collusion between various contractors and Council officials; violation of Minimum Wages Act; and non-payment of EPF (Dainik Bhaskar, 2009).

The above-discussion clearly reveals that there is poor supervision and monitoring. Therefore, it is strongly recommended to have qualified staff having thorough technical knowledge of contracting-out services, who should be assigned the duty to monitor and supervise the contracted out services. In case of non-compliance of the provisions of the contract by the private party, personal responsibility of the concerned officials should be fixed. Lastly, very serious issue is that

of the equity. The study reveals that step motherly treatment being meted out by the contractors to the villages and colonies in the provision of services. There is need to ensure effective implementation of the provisions of the contract uniformly in the jurisdiction of the Municipal Council Panchkula and non-compliance of these by the contractors should invoke stringent penalties.

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