

Tracking Policy and Budgetary
Commitments for
**Drinking Water
and Sanitation:**
A Study of Select States
January 2016



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Executive Summary

Since the formation of the new government at the Centre, there has been a considerable focus on the water and sanitation sector, more so in sanitation as can be seen in the NITI Aayog's prioritization of schemes like the Swachh Bharat Mission (SBM). Smooth institutional fund flow processes and budgetary support go a long way in making the right to water supply and sanitation a perceptible reality. The 14th Finance Commission (FC) recommendations give emphasis to water and sewerage. Additionally the Report of the Sub-group on SBM has recommended that the first priority is given to the expenditure on SBM.

At present, the Centrally Sponsored Schemes focusing on drinking water and sanitation (WATSAN), the Swachh Bharat Abhiyan (SBA) for rural and urban sanitation and the National Rural Drinking Water Programme (NRDWP) for provisioning of drinking water in rural areas have undergone a change in the Centre-State fund sharing pattern which has subsequently put more financing responsibility on the states (Fund sharing pattern for SBM and NRDWP has changed from 75:25 and 50:50 to 60:40 respectively). In the urban context, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the erstwhile JNNURM, is the national flagship programme driving capital investments in water supply and Swachh Bharat Mission (Urban) in sanitation sector across India while pushing for governance reforms by urban local bodies and state governments. Tracking the policy and budgetary commitments in the sector in the backdrop of this changed scenario would not only deepen understanding on the value of higher public spending on the sector but also throw light on the real impediments to fund flow processes.

Centre for Budget & Governance Accountability (CBGA) in partnership with Arghyam undertook the study 'Tracking Policy and Budgetary Commitments for Drinking Water and Sanitation in the New Fiscal Architecture in India' in an effort to understand the fund flow processes of the different institutions/line agencies that are involved in the implementation of water and sanitation schemes in a better manner and also, the adequacy of budgetary resources for it. The study was carried out during August - December 2015. The Report contains a brief overview of the water and sanitation policy landscape at the Central government level, followed by an analysis of the fund flow mechanisms of water and sanitation-both rural and urban- in the states of Karnataka, Tamil Nadu, Telangana, Andhra Pradesh, Madhya Pradesh, Chhattisgarh and Odisha. Apart from this, a detailed analysis of state budgets for water and sanitation- both rural and urban was undertaken.

The Report is divided into five Sections. Section I, the Introduction, lays out the objective and scope of the study. It provides details of the methodology, limitations and key findings of the study. In Section II the policy landscape of water and sanitation in the country is discussed. In Section III, the institutional and fund flow mechanisms in water and sanitation of the select states have been discussed. This is followed by a budgetary analysis of water and sanitation in the study states in Section IV. Finally, in Section V, recommendations with key advocacy messages have been put forward.

Key Findings from the Report

The major findings have been broadly categorized into three sections pertaining to the policy framework of the drinking water and sanitation sector, resource adequacy in terms of budgetary allocations and institutional architecture of the fund flow processes.

Policy Developments in Water and Sanitation:

- In the current context of policy developments, a major issue that is apprehended to have a substantial impact on the social sectors, including water and sanitation, has been the changes recommended by the 14th Finance Commission (FC). The recommendations mainly pertain to increasing the share of Central taxes to the states. This translates into an increase in the untied flow of resources to the states. However at the same time, there are apprehensions that the decline in funds transferred through other channels to the states might not have an encouraging effect on expenditure allocated for the social sectors.
- In this backdrop, it has been seen that the 14th FC Recommendations have increased the resource pool of a few states, with some states like Madhya Pradesh gaining and some losing such as Karnataka. However, this has not translated into less spending on water and sanitation as seen in the case of Karnataka. However, officials in the seven study states did not have much information or opinion on the impact of 14th FC transfers on the resources received for water and sanitation, except in Telangana and Odisha.
- Concerning AMRUT, most states have prepared proposals and are anticipating funds ranging to the tune of Rs. 200 crores to Rs. 5000 crores. Interestingly, Madhya Pradesh has formed a separate Corporation called MP Urban Development Corporation which would look into all Externally Aided Projects and AMRUT in the future.
- There has been an increase in impetus given towards sanitation, as observed in all the study states. This has largely been due to the launch of Swachh Bharat Mission. The institutional framework for implementation of SBM in rural areas is already mature as a result of evolution of sanitation programs and schemes over more than three decades. As a result, there is relative uniformity observed in all seven states that were studied in detail.
- In urban sanitation, toilets were constructed in those areas which already had existing water connections. This clearly showed that a large portion of the urban population who lived in unauthorized slum colonies (areas which did not have legal water connections) would be left out of the scheme benefits. Provisions need to be made to cater to disadvantaged sections of the population who do not have legal tenure on their land. A good practice is being followed in Madhya Pradesh which delinks land tenureship and toilet construction. On-site sanitation solutions did not come up in any of the discussions with officials though they form a major part of policies and programs for urban sanitation.
- Water quality, in general, is not adequately addressed in NRDWP. Furthermore, whatever little focus is there, it is on fluoride and arsenic. Iron contamination, as found in Chhattisgarh, is not regarded a water quality issue. State government officials have stated that other water quality contaminants need to be factored into the guidelines of NRDWP with dedicated funding. There is also an increased focus on surface water schemes rather than ground water schemes in all the study states.

Resource Adequacy in Budgetary Allocations

- In the effort to prioritize sanitation, focus on drinking water has declined to some extent. It can be seen from the allocation for NRDWP, both at the Union and States level (Rs. 2,611 crore was allocated in 2015-16 with a sharp decline from the allocation of Rs. 11000 in 2014-15). A Parliamentary Standing Committee Report on Water and Sanitation had pointed out to this diminished budget allocation for drinking water allocation and had demanded for more allocation. This reduced allocation is especially worrisome since six of the seven study states are undergoing huge water crises and have declared drought.
- The overall increase in outlays for water and sanitation combined in 2015-16 as compared to 2014-15 is apparent in all the study states. As evident in the budget data (Chapter IV), there has been an increase in sanitation funding in all the states. This has come at the expense of reducing the budget for rural water especially in NRDWP. This pattern has been found in all the study states. The increase in allocations for sanitation is reflected in the increased budgets for the SBM. However, this rise has been due to the new allocation on urban sanitation under SBM.
- Odisha has allocated the highest amount of funds for rural water and sanitation among the select study states. This is a positive effort that the state has taken and an apt response to the state's dismal sanitation statistics. Tamil Nadu has been consistently allocating more funds for urban water as compared to rural. Chhattisgarh has allocated the highest fund for urban sanitation among the selected states. This has been followed by Madhya Pradesh and Tamil Nadu.
- The budget for NRDWP in all the study states was found to be routed through the State Budget/ State Treasury, instead of being sent directly to the bank accounts of the autonomous Societies/Districts which was previously practiced. This change in the fund flow mechanism began in 2014-15. The TSP and SCSP funds are being used to enhance the Individual Household Latrine (IHHL) unit cost for SC & ST households in Karnataka.
- In some states like Odisha, it was revealed that the NRDWP fund has been delayed and less than 50 percent had been released from the total amount requested by the state from the Centre.
- In SBM (U), the unit cost for toilet construction of Rs. 4,000 has been found to be quite low in most states. Hence, in many cases, the states and ULBs themselves have supplemented the amount (for instance, Rs. 16,000 in Odisha) from the state budget. The ratio of State-ULB-Beneficiary share for IHHL construction was found to differ in all the study states. The findings also show that typically the states/ULBs were providing a larger share of funds than the Centre.

Institutional Architecture and the Fund Flow Process

- In SBM, modalities for fund transfer from the state-level to the district-level are similar in all the states. Most state officials seem to be favorable towards the focus on sanitation especially on urban sanitation. (For the first time, a separate amount has been allocated to urban sanitation

through the SBM). Through electronic fund transfers (e-fms), which most states have been using, funds get transferred directly to the beneficiaries which saves a lot of time. Nevertheless, despite its benefits, the process has not been streamlined in all the states and pose another set of issues.

- Regarding convergence of schemes in sanitation, school and anganwadi sanitation is handled by separate departments with a separate budget and hence there is no convergence with the departments in charge of water supply and sanitation. All the study states have de-linked the sanitation scheme with MGNREGS. But, toilets are being constructed under MGNREGS funding, in case there is left-over funding from earlier years. Officials have ensured that there is no duplication of work.
- Procedural bottlenecks to smooth functioning of the schemes have been reported across all the study states. Time lag between fund installments and inability to spend the funds have been some of the major hurdles cited by state level officials. Scheme conditionalities and stipulations are an inconvenience for most of the departments (for instance, in Chhattisgarh, due to the inability of the PHED department to spend 60 percent funds from the 1st instalment, the 2nd instalment is not released in time and hence the entire project gets delayed). Additionally, shortage of staff for the programmes has been another hindrance to timely completion of projects (in the case of Karnataka and Tamil Nadu). There is a demand for greater flexibility in the manner in which funds can be utilized by the states.
- The study team found that implementing state government officials were wary of SBM becoming another TSC where there is a rush to complete targets (increased toilet construction) with scant assessment on its usage. A few states have been ambitious and reduced the time period for target completion in an effort to show their enthusiasm for the programme (this could be so that targets would spill over to the next year and hence get completed). Officials revealed that the attitude of implementing officials was a key to the success of SBM. In most cases, wherever, the District leadership was pro-active, the scheme had a higher success rate. Community involvement is key to success although it has shown variances in results.
- A robust and strong database in water and sanitation is a key factor for effective implementation of schemes. All the study states have raised concerns related to faulty baseline surveys and lack of uniform preliminary data so as to gauge the actual ground-level situation in water and sanitation in their respective states. (In Odisha, due to natural disasters, the actual number of existing toilets have been under represented in surveys which has led to an inaccurate depiction of the sanitation scenario).
- In urban water supply, the ULBs were found to be handling the water supply in most of the states. In some states, the Municipal Administration and Urban Development Department were looking after the Operation & Maintenance of the schemes. Water Boards such as the Karnataka Urban Water Supply and Drainage Board in Karnataka and the Tamil Nadu Water Supply and Drainage (TWAD) Board have the responsibility of providing water supply to the

urban areas in the state. In Chhattisgarh, the State Urban Development Agency was found to be incharge of the urban water supply.

- In Madhya Pradesh, Chhattisgarh and Odisha, no political strain was revealed between the ULBs and the State line departments in the implementation of urban water & sanitation schemes, as reported by the state officials. This was not the situation in the other 4 study states, which did report a few tensions existing between the line departments and ULBs.

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Abbreviations

ADB	Asian Development Bank
AIP	Annual Implementation Plan
AIBP	Accelerated Irrigation Benefit Programme
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APL	Above Poverty Line
APUIFDC	Andhra Pradesh Urban Infrastructure Finance Development Corporation
BPL	Below Poverty Line
CAG	Comptroller and Auditor General of India
CLTS	Community Led Total Sanitation
CSR	Corporate Social Responsibility
CTC	Community Toilet Complex
Deptt.	Department
DPR	Detail Project Report
EAP	Externally Aided Project
eFMS	Electronic Fund Management System
FC	Finance Commission
GHMC	Greater Hyderabad Municipal Corporation
Gol	Government of India
GP	Gram Panchayat
IEC	Information, Education and Communication
IHHL	Individual Household Latrine
ILCS	Integrated Low Cost Sanitation
IWMP	Integrated Watershed Management Programme
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
MDWS	Ministry of Drinking Water & Sanitation
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MPUDC	Madhya Pradesh Urban Development Company
MPUIF	Madhya Pradesh Urban Infrastructure Fund
NGO	Non-governmental organisation
NRDWP	National Rural Drinking Water Programme
NBA	Nirmal Bharat Abhiyan
NGP	Nirmal Gram Puraskar
O&M	Operation and Maintenance
ODF	Open Defecation Free
OWSSB	Odisha Water Supply and Sewerage Board
PAO	Pay & Accounts Office
PHED	Public Health Engineering Department
PIP	Programme Implementation Plan
PMKSY	Pradhan MantriKrishiSinchaiYojana
PR & RD	Panchayati Raj & Rural Development

PRI	Panchayati Raj Institution
RBI	Reserve Bank of India
RTGS	Real-time gross settlement' systems
RWS	Rural Water Supply
SBM (G)	Swachh Bharat Mission (Gramin)
SBM (U)	Swachh Bharat Mission (Urban)
SC	Scheduled Caste
SERP	Society for Elimination of Rural Poverty
SHG	Self Help Group
SLSSC	State Level Schemes Sanctioning Committee
SLF	Slum Level Federation
ST	Scheduled Tribe
SUDA	State Urban Development Agency
SWSM	State Water and Sanitation Mission
TSC	Total Sanitation Campaign
TUIFDC	Telangana Urban Infrastructure Finance Development Corporation
TWAD	Tamil Nadu Water Supply and Drainage
UC	Utilisation Certificate
UGD	Underground Drainage
UIDSSMT	Urban Infrastructure Development Scheme for Small & Medium Towns
ULB	Urban Local Body
VWSC	Village Water and Sanitation Committee
WSSO	Water and Sanitation Support Organisation
WASH	Water Sanitation and Hygiene

I. Introduction

I.1 Background

Access to safe water and improved sanitation continue to present substantial challenges for India as evident in the dismal water and sanitation statistics. The greater impetus given to water and sanitation (WATSAN) due to international pressure, in the form of meeting the targets of the Millennium Development Goals and now Sustainable Development Goals has led to an overall focus on the sector. The new 2030 Agenda for Sustainable Development, adopted by countries in September 2015, has water and sanitation at its core, with a dedicated Goal 6 on water and sanitation and clear linkages with other goals. For this to be realized, adequate and appropriate provisioning of budgets need to be made to ensure realisation of achievement of Goal 6 of the SDGs. In addition, issues related to healthcare are also inter-related and better managed water resources, safe drinking water and sanitation are seen as catalysts to achieve these goals.

In the past one year, changes have taken place in the country's policy frame including in the water and sanitation sector which needs to be considered while assessing policy and budgetary commitments for drinking water and sanitation in the country. The first significant development has been the 14th Finance Commission (FC) Recommendations (Refer to Box 1) which recommended a transfer of 42 percent of the divisible pool of Central taxes to the States which was an increase by 10 percent points from the previous FC recommendation. Although, this came

Box 1: Significance of the Finance Commission

The Finance Commission (FC) of India is a body established under Article 280(3) of the Indian Constitution by the President of India. It is formed once every five years to determine the financial relation as well as facilitate the intergovernmental transfer of resources between the national and the sub-national governments under the Finance Commission Act of 1951. The Act states the terms of qualification, appointment and disqualification, the term, eligibility and powers of the Finance Commission. As per the Constitution, the Commission is appointed every five years and consists of a chairman and four other members. Till date, thirteen FCs have submitted their reports. The FC and its recommendations over the years pertaining to the sharing of resources between centre, states and local bodies have played a major role in determining the federal fiscal architecture of the country.

The primary mandate of the FC as laid down by the Constitution can be explicitly stated as:

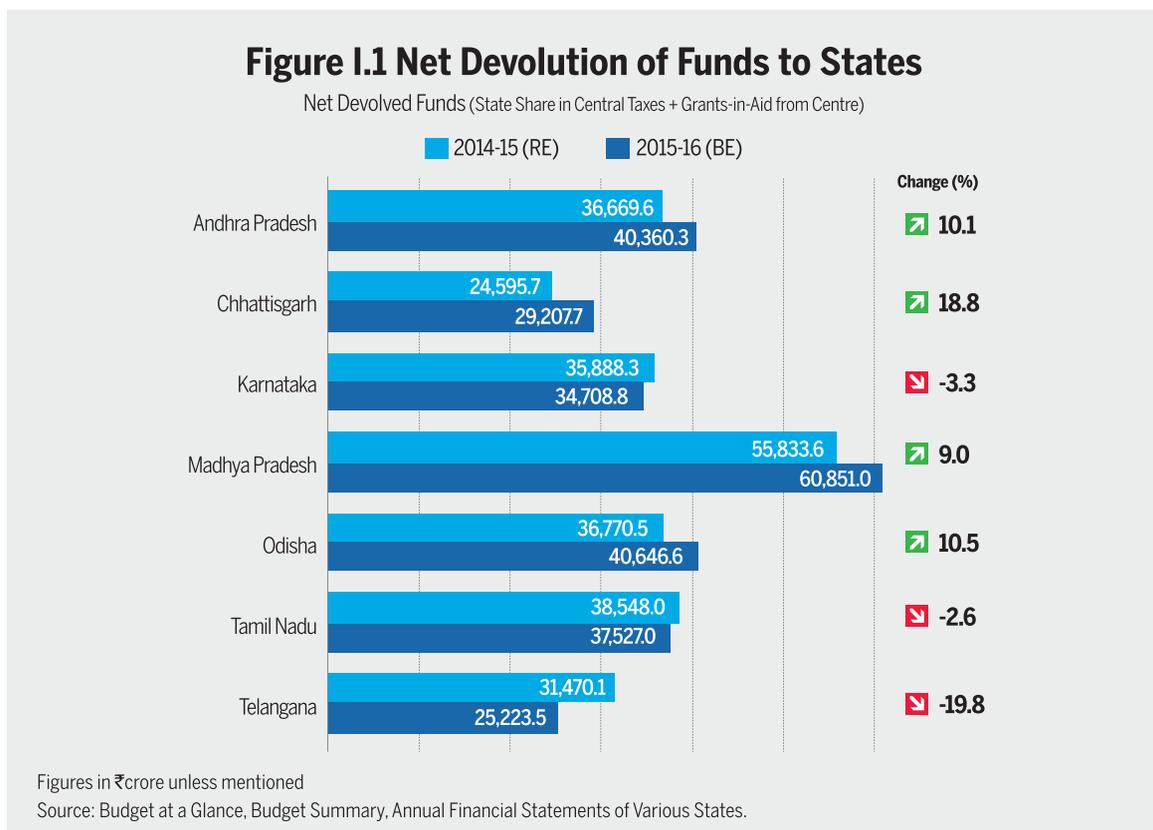
1. Distribution of net proceeds of taxes between Centre and the States, to be divided as per their respective contributions to the taxes.
2. Determine factors governing Grants-in-Aid to the states and the magnitude of the same.
3. To make recommendations to President as to the measures needed to augment the Consolidated Fund of a State to supplement the resources of the panchayats and municipalities in the state on the basis of the recommendations made by the Finance Commission of the state.

The 14th FC, under the Chairmanship of Shri Y. V. Reddy, former RBI Chairman, prepared its report that was submitted in 2015, which recommended the method for sharing Central resources between the states for the period 2015-16 to 2019-20.

Source: Significance of the Finance Commission, Sona Mitra, Budget Track, Vol 10, Track 1-2, October 2014, Centre for Budget & Governance Accountability

as a relief to the States who had been demanding 50 percent share of taxes, on the other hand, as a result, the resource envelope available with the Union Government to fund CSS has shrunk. While this does mean more untied funds to states, the Finance Ministry also slashed the outlay under the CSS provoking an outcry from several states, which are complaining that in effect, they are receiving less money from the Centre than before. Additionally, the Report of the Sub-group on *Swachh Bharat Mission (SBM)*¹ has recommended² that the 'first charge' on the expenditure on 14th FC grants to Local Bodies be given to the activities undertaken under SBM. The 'first charge' on expenditure would mean that first priority is given to the expenditure on SBM.

Fig. I.1 shows the total resources available to each State after the Net Devolution, which includes State's share in central taxes and Grant-in-Aid provided by Union to the States. The States which gained from the devolution based on the 14th FC are Andhra Pradesh, Chhattisgarh, Madhya Pradesh and Odisha. The States which lost out are Telangana and Karnataka.



¹ The Report of Sub-group on SBM was released on 15th October'15 and lays out the Recommendations. For further details refer to Report of the Sub-group on SBM at http://niti.gov.in/content/swachh_bharat_mission.php

² The Recommendations of the Sub-group are in the process of being adopted in the States. Only the forthcoming Budget 2016-17 would give a clearer picture as to what extent the recommendations have been accepted or not.



In this context the analysis tries to examine that whether this change in the net untied resources is reflected as an increase in the water and sanitation budget allocation in the States. The findings are affirmative, with the exceptions of Karnataka and Madhya Pradesh. Karnataka has increased its allocation for water and sanitation despite low devolutions from the Centre whereas Madhya Pradesh, in contrast, has decreased its allocation for the sector.

The second noteworthy development has been the Chief Minister's Sub-group Report on Rationalisation of the Centrally Sponsored Schemes³ (CSS) under which the fund sharing pattern has been changed in 33 CSS wherein the Centre would contribute lesser shares of funds in the schemes. In the new framework of Centre-State sharing of resources, the report classifies them as "Core" and "Optional". Core Schemes would have compulsory participation by States, whereas amongst the Optional Schemes, States could choose some or all of them. *Swachh Bharat Abhiyan* (SBA) and National Rural Drinking Water Programme (NRDWP) are part of the Core group of CSS which have undergone a change in the Centre-State fund sharing pattern (Refer to Box 2). This inevitably puts more burden on the States (in this case on sanitation) and raises queries on the impact of State allocation and expenditure on water and sanitation.

Box 2: Restructuring Centrally Sponsored Schemes

Starting from 2015-16, the Centre would reduce its commitments on salaries of staff incurred at the State level in the different CSS, implementation of some of which may be crucially dependent on human resources, such as the National Health Mission, Integrated Child Development Services, *Rashtriya Krishi Vikas Yojana*, *Rashtriya Madhyamik Shiksha Abhiyan*, National Rural Drinking Water Programme, *Swachh Bharat Abhiyan*, *Indira Awas Yojana* and National Rural Livelihoods Mission. This is evident from the NITI Aayog report that categorically states the following:

In all such Schemes where there are remuneration/salary components, the funding pattern for salary/ remuneration components should not be modified to the disadvantage of the States until the completion of the 12th Plan (2016-17). This recommendation is made subject to the following:

- i) The funding in existing Schemes where salary component is borne by the State Government would continue to be borne by the State, i.e. no change is recommended.
- ii) Where the salary/remuneration is paid under the Scheme, the Centre's allocation share would remain capped at the current level. Hence any upward revision of remuneration or additional hiring may be made only with the States own resources.
- iii) The Central Ministries may review the extant guidelines in the Schemes to enable States to have the flexibility in norms and guidelines to take an appropriate decision on hiring personnel in any Scheme.

(Report of the Subgroup of Chief Ministers on Rationalisation of Centrally Sponsored Schemes, pp.38)

Source: Of Bold Strokes and Fine Prints, Analysis of Union Budget 2015-16, Centre for Budget and Governance Accountability, 2015

³ Chief Minister's Sub-group Report on Rationalisation of the Centrally Sponsored Schemes, NITI Aayog. Report can be accessed at <http://niti.gov.in/content/reports.php>

I.2: Objective and Scope

CBGA in partnership with Arghyam undertook the study 'Tracking Policy and Budgetary Commitments for Drinking Water and Sanitation' from August to December 2015. The objectives of the Study were to:

- a) Track the fund flow process in water and sanitation from Centre to the States and to the districts in the seven study states of Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Chhattisgarh, Madhya Pradesh and Odisha.
- b) Observe the emergent policy and process frameworks in the Centre and the study States.
- c) Examine the fund flow processes of the different institutions that are involved in the implementation of water and sanitation and more specifically the adequacy of budgetary resources.
- d) Deepen policy dialogue on water and sanitation in the country, and highlight areas for action especially at the state level.
- e) Inform the States' efforts for effective utilization of budgetary resources in the sector.

I.3: Methodology

The study was carried out from August-December, 2015. Initially, a secondary review of the policy landscape of water and sanitation at the Central government level and a top line analysis of budgetary data and allocations of the select states-Karnataka, Tamil Nadu, Telangana, Andhra Pradesh, Madhya Pradesh, Chhattisgarh and Odisha was undertaken. This was followed by a visit to the select states by the study team to understand the fund flow mechanism of the line departments concerned with water and sanitation. The team had meetings and discussions with 39 officials from the State government and from non-governmental organizations in the seven study states (**Annexure I**) apart from analyzing the data from state budget books. An in-depth analysis of the secondary data both from online and other sources was undertaken simultaneously. The time period taken for the budget data analysis was from 2014-15 (BE) to 2015-16 (BE). In addition, the supplementary budgets had also been taken into consideration for the study. Secondary sources of data such as policy and scheme guidelines, detailed demand for grants and other relevant budgetary data were used for the Report.

II. Policy Landscape of Water and Sanitation

II.1. Implications of the 14th Finance Commission Recommendations on Water and Sanitation

While the recent changes in the resource sharing patterns of Union and states are affecting government programmes in most of the sectors, the impact of these changes in WATSAN is one of the prominent ones. The 14th Finance Commission Recommendations with its increased devolution has given more autonomy to the states thus upholding the spirit of fiscal federalism. (Box 3.) However, one should not be quick to assume that the states would concomitantly increase their spending on water and sanitation.

Box 3: The Debate following the Release of Report of the 14th FC

There has been an intense debate around two priorities, following the release of the report of the 14th FC;

- (i) Greater autonomy for State Governments in setting the spending priorities in their budgets.
- (ii) Ensuring adequate budgetary resources for critical sectors such as, social sectors and vulnerable sections of the population.

While, there has been a major push to the first objective, the need of greater autonomy to State Governments, through the report of the 14th Finance Commission and the Union Budget 2015-16, there was an apprehension that the second objective may get compromised in states with poor financial health. It has been argued that the poorer states such as Uttar Pradesh, Bihar, Madhya Pradesh, Chhattisgarh and Assam, with severe resource shortage in sectors such as general administration, law & order, and infrastructure, may not be able to reprioritize their budgets in favour of social sectors. This could result in an overall reduction in expenditure on the social sectors in regions that require the funds the most in coming years.

Source: Budgets Cuts for Women and Children, Times of India, 13 July 2015.

The restructuring of the CSS being carried out by the Central government at present (in consultation with a Panel of State Chief Ministers formed by the NITI Aayog) raises questions about the budgetary priorities of states for WATSAN. Both the NRDWP and the SBM (rural & urban) are schemes with changed pattern of sharing between Centre and states. The 2015-16 Union budget announced that the *'The Centre-State funding pattern is being modified in view of the larger devolution of tax resources to States as per the recommendations of 14th Finance Commission whereby in this scheme, the revenue expenditure is to be borne by the States.'* This announcement may be interpreted as a slow phase out of the schemes from the ambit of the Union government. It is also evident from the discussions within the NITI Aayog report that expenditure of recurring nature i.e. operations and maintenance, etc. would be borne by the states and Union support would come for one-time expenditures.⁴ How would this impact water and sanitation expenditure in the states?

⁴ Chapter 2, Demystifying Devolution to the states, Response to Union Budget-2015-16, CBGA

II.2. Water and Sanitation in the Changed Policy Landscape:

Another important question is whether the 12th Five Year Plan (FYP) holds any significance in the current policy framework wherein the Planning Commission has been discontinued and replaced by the NITI Aayog? (Refer to Box 4.) To what extent would the 12th FYP recommendations be carried out in the WATSAN sector with this change in the polity and fiscal architecture?

Annexure II gives out these recommendations to get a better understanding of what policymakers had in mind for the WATSAN sector and to what extent they still prevail in the current scenario.

Box 4: NITI Aayog

The National Institution for Transforming (NITI) Aayog is a Government of India policy think-tank, which has replaced the Planning Commission.

The stated aim for NITI Aayog's creation is to foster involvement and participation in the economic policy-making process by the State Governments of India. It could adopt a "bottom-up" approach in planning in contrast to the practice of "top-down" decision-making. One of the important mandates of NITI Aayog is to promote cooperative competitive federalism. This was reflected in the appointment of three sub-groups of chief ministers for making recommendations in three important areas (centrally sponsored schemes, skill development and Swachh Bharat). NITI Aayog aims to provide opportunities, to represent the economic interests of the State Governments and Union Territories of India.

The 14th FC recommendations and the budgetary allocations including the supplementary budgets for WATSAN all point to certain changes at the policy and fiscal level. Since the advent of the new government at the Centre, there has been considerable focus given on water and sanitation sector as can be seen in the NITI Aayog's prioritisation of schemes like the SBM, Namami Gange and Pradhan Mantri Krishi Sinchayee Yojana amongst others. The coordination of these selected programmes would be done through the NITI Aayog under the Prime Minister.⁵ **Annexure III** shows the changes in the WATSAN policy landscape, in the last one year.

In the wake of climate change and India becoming a 'water scarce' country in the near future, a holistic approach towards the availability of water for different purposes must be taken by each of the stakeholders. Water for drinking and WASH activities must be accessible and available to all. But, for sustained supply of water, it has to be available. Thus, the need for water conservation. The Integrated Watershed Management Programme (IWMP) 2009 was introduced for rain water harvesting and recharging of the ground water table along with other expected outcomes. Similarly, the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), a combination of many water resource related schemes also aims to increase water sustainability for the future. There are other central government water resource related schemes that are being implemented by the states. The list of these schemes is given in **Annexure IV**.

⁵ NITI Brief #1, NITI Aayog, GoI, 2015. Link can be accessed at www.niti.gov.in



In urban water and sanitation, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme has earmarked Rs. 500 crore for 500 cities. The purpose of AMRUT is to ensure that every household has access to a tap with assured supply of water and a sewerage connection. This scheme is being touted as another JNNURM and remains to be seen how it would be implemented. With the launch of *Swachh Bharat* Mission, urban WATSAN has received attention, which should be welcomed. Regarding school toilets, the *Swachh Vidyalaya* initiative which was launched on 14th August, 2014 has completed one year. Under its ambitious targets, corporates and PSUs were supposed to construct 150,000 toilets. The *Swachh Vidyalaya* website claims that 100 percent of the targets have been completed. However, it is a moot point whether the toilets have been completed or not and what their usage status is.

The Standing Committee on Urban Development (2014-15) in their Fifth Report on Demands for Grants (2015-16) of the Ministry of Urban Development (MoUD) although recognize SBM (U) as a positive step are however, concerned about its implementation. In rural water and sanitation, the Standing Committee on Rural Development (2014-15) in their Fifth Report on Demands for Grants (2015-16) of the MDWS have found the budgetary allocation of Rs. 5236 crore⁶ for NRDWP and SBM(R) to be inadequate and have expressed serious concerns over the drastic reduction in the current financial year. With the increased onus on the States to provide for water and sanitation, there is little justification for reduced Union support.

In February 2015, a Sub-Group of Chief Ministers was constituted on *Swachh Bharat Abhiyan* by NITI Aayog. This Sub-Group had asked for greater share of Central spending on the SBM. However, the recently released Report of the Sub-group on SBM says that the sharing pattern of funds for this programme between Centre and States may be in the ratio of 75:25, while for hilly States it may be kept at 90:10. Amidst high speculations on how resources would be raised for SBM, the Report puts forth the following suggestions specifically on the funding mechanism:

- A *Swachh Bharat Cess* may be levied by the Central Government on petrol, diesel, and telecom services and also on accumulated waste produced by mineral waste generation plants like coal, aluminum, and iron ore.
- A State Level *Swachh Bharat Kosh* may be set up on the lines of the *Swachh Bharat Kosh* constituted at the Central level.
- A certain part of the CSR contributions by PSUs/Companies may be spent in the States where they are located.
- The first charge on the expenditure on 14th FC grants to Local Bodies may be given to the activities undertaken under *Swachh Bharat* Mission. Further, Government of India may consider releasing grants to States in rural areas in some of the North-Eastern States which are not covered under the 14th Finance Commission recommendations.
- The Centre and State Government may issue *Swachh Bharat* bonds. This has been suggested with an intent to raise additional resources for the programme.⁷

⁶ This amount does not reflect the two Supplementary Budget allocations which would increase the amount to above Rs. 11,000 crores. Consequently, in the latter part of 2015, two Supplementary budgets were announced which significantly raised the amount to above Rs. 11,000 crores.

⁷ <http://www.deccanchronicle.com/151015/nation-current-affairs/article/bonds-fuel-cess-raise-funds-swachh-bharat-abhiyaan>. Link accessed on 25th January '16

- Provision of tax exemptions by the Centre and the State Governments to the private sector for setting up waste processing facilities to make waste processing a viable activity.

Many of the recommendations laid out in the Report are positive steps, especially the first charge on the expenditure on 14th FC grants to Local Bodies to be given to the activities undertaken under SBM, however, some of the above recommendations for resource mobilization for the SBA entails a burden on the poor. The idea of having a cess both at the state and central level on petrol, diesel and telecom has a cascading impact on the purchasing power of the poor through multiple channels. The recommendation of CSR contributions to be spent in states where they are located is also problematic as backward states with lower presence of industry and corporate houses would once more fall behind. So, a detailed analysis of the recommendations made in the report, need to be assessed critically.

The Section III, would assess the institutional and fund flow mechanisms in the seven study states post- devolution.

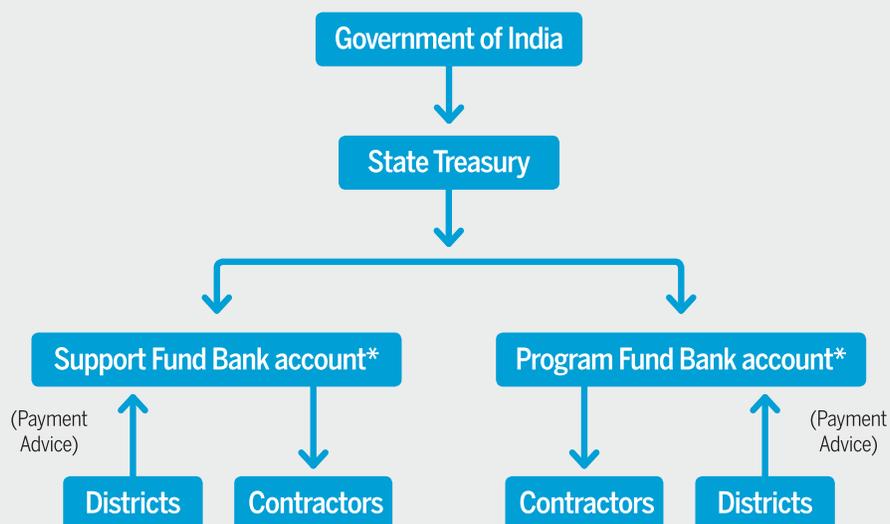
III. Institutional & Fund Flow Mechanisms in Water & Sanitation in Select States

This Section details out the existing fund flow structure for water and sanitation schemes – both rural and urban- and the key institutional mechanisms in water and sanitation in the seven states.

III.1: Rural Water- Institutional and Fund Flow Mechanisms

In **Karnataka**, the rural water supply and sanitation is handled by the Rural Water Supply and Sanitation (RWSS) department (Deptt.) which was a separate department created in March 2014. This was earlier under the purview of the Panchayati Raj and Rural Development Department (PR&RD). Since 2014, the RWS department under the PR&RD has become a separate department. The state schemes for rural water are *Sujala Grama* and *Jala Nirmala*.⁸

Fig III.1: Fund flow Mechanism of NRDWP in Karnataka



*In NRDWP, the expenditure account is separate for program and support activities—the Program Fund account is for implementation of schemes and the Support Fund account deals with software and hardware activities.

Source: Based on discussions with State officials, Rural Water Supply Department, Government of Karnataka.

Karnataka Rural Water Supply and Sanitation Agency (KRWSSA) is the parastatal agency working along with the RD&PR Deptt. It is an autonomous institution, registered under the Karnataka Societies Registration Act, 1960 under the jurisdiction of PR & RD Deptt. of Government of Karnataka. The primary objective of the agency is to improve the quality of rural water supply and sanitation service delivery. KRWSSA had facilitated the implementation of the World Bank assisted Jal Nirmal Project, GOI sponsored Sector reform, Swajaldhara and Total Sanitation Campaign (TSC).

The funds for NRDWP were initially (prior to 2013-14) released to the districts directly, however, after 2013-14 they are routed through the State Treasury. The institutional fund flow for rural water in Karnataka is given above in Fig III. 1. As shown in the Fig., the Centre releases the fund to Reserve

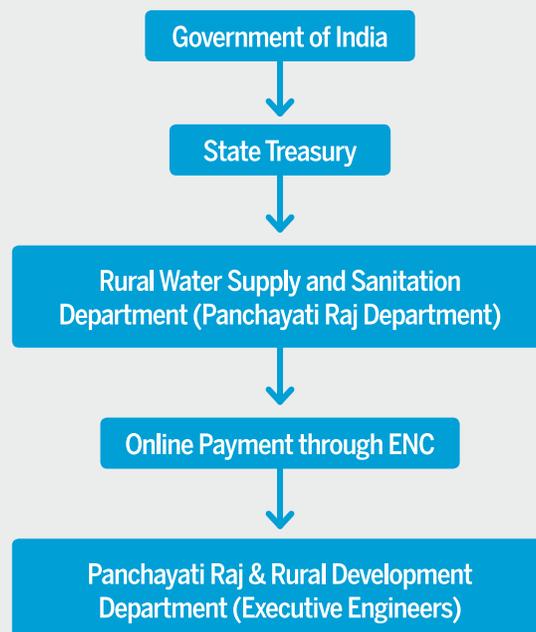
⁸ It is to be noted that the *Jala Nirmala* Additional finance to KRWS&S Deptt. has been up till 2014-15 but now discontinued

Bank of India (RBI) in Nagpur which in turn is sent to the state government's account and then to the Treasury. From the Treasury, the funds are sent to two bank accounts – Program Fund and Support Fund. Subsequently, based on the districts action plans/ project proposals, payment advice is sent, then the first instalment is released. The fund goes directly to the contractors account through RTGS (Real time grants). Before the release of the funds to the contractors, the Scheme Sanctioning Committee reviews the plans to verify estimated cost of works. At the district level, there is a District Water Supply and Sanitation Committee headed by an Executive Engineer. However, there is decentralization of functions and not funds in Karnataka since the Engineers at the district level do not have any discretionary powers on fund related issues.

In **Tamil Nadu**, the Tamil Nadu Water Supply and Drainage Board (TWAD Board) is responsible for providing water supply and sewerage facilities to the entire population of the state except the Chennai Metropolitan area. The fund release mechanism is similar to Karnataka. The TWAD Board has district level offices which oversee the work and is involved in capital construction of the rural water supply schemes. It was revealed that there have been issues regarding posts lying vacant in the Board.

In **Telangana**, the fund flow pattern for NRDWP is similar to the one in the above two states. (Fig III.2). The Rural Water Supply and Sanitation (RWS) Department is the nodal agency in the state for providing drinking water and sanitation facilities in rural areas. The fund flows from the state Treasury to the RWS Department and then to the PR & RD department in the districts, subsequently the Executive Engineers release the funds to execute the schemes.

Fig III.2: Fund flow Mechanism of NRDWP in Telangana

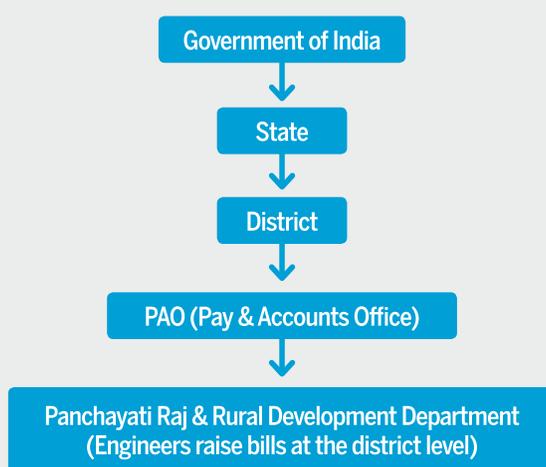


Source: Based on discussions with State officials, Rural Water Supply Department, Government of Telangana.

The Water Grid scheme of the state aims to provide 100 lpcd and is targeted to connect every household with a tap by 2019. It draws water from the Krishna and Godavari rivers. It would also supply water to all Local Bodies (PRIs & ULBs) in the state. Around Rs. 40,000 crores is the projected estimate for the scheme. Even though the 14th FC has increased the devolution by 10 percent, however, there has only been an actual increase of Rs. 1000 crores since the allocation in NRDWP has been reduced.

Andhra Pradesh, on the other hand, is slightly different wherein the fund is released to the state and District-level Pay and Accounts office (PAO). Earlier, the fund would go directly to the Executing Agency at the district level which is the PR & RD department. Each district has two PAOs who oversee the project plans before releasing the amount to the engineers at the district level. Every district has a PAO portal, in which the engineers raise their bills. (Fig III.3) The engineers do not have any financial autonomy as previously. In addition to NRDWP, the state has a scheme called the NTR *Sujala Sravathi Pathakam* which provides purified water to villages with high fluoride and salinity since October 2014. This scheme supplies 20 litres of potable water can for Rs. 2 per can to each household in rural areas.⁹ The idea is to reduce water borne diseases. The District authorities are supposed to identify the habitations where quality is an issue and ensure that government buildings are available for installation of water treatment plant with power connections in the habitations identified. The running and maintenance of these plants, once installed would be entrusted to active Self Health Groups (SHGs)/NGOs, village youth or as identified by the administration. The capacity and number of plants would be based on the population of the habitation where per capita supply would be taken at 5 liters per person. During the first phase of the scheme, preference is to be given where buildings with electricity are available.

Fig III.3: Fund flow Mechanism of NRDWP in Andhra Pradesh



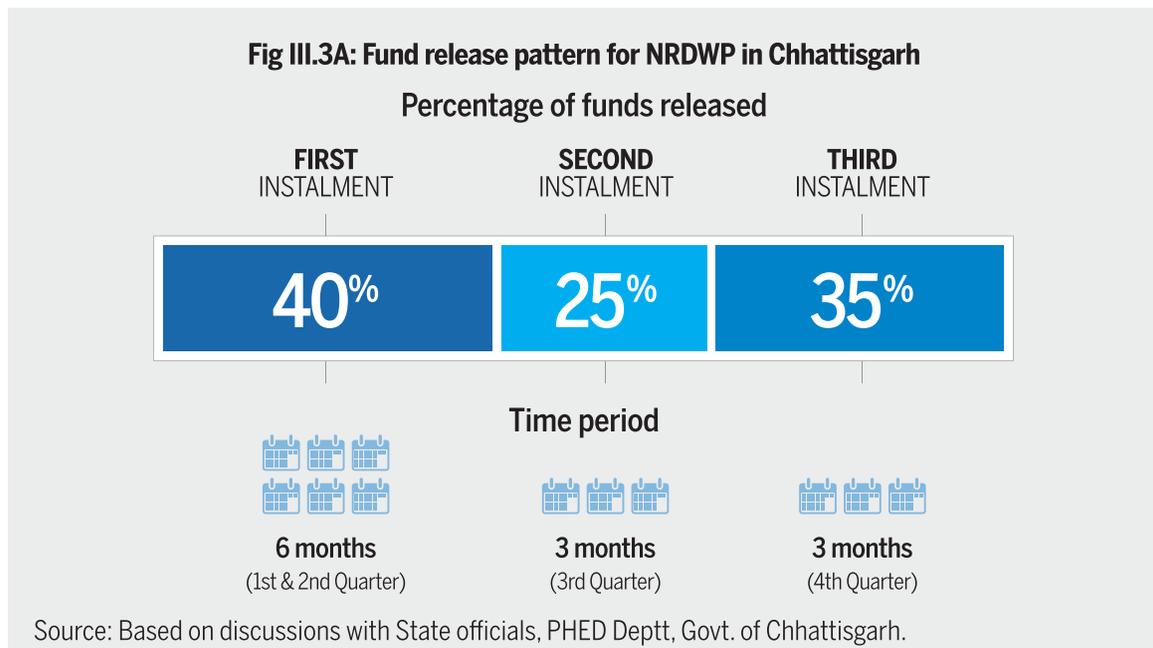
Source: Based on discussions with State officials, Rural Water Supply Department, Government of Andhra Pradesh.

⁹ Website of PR & RD Deptt., Govt. of Andhra Pradesh

The implementing agency for rural water supply in **Madhya Pradesh** is the Public Health Engineering Department (PHED). The fund flow pattern is similar to the other states discussed above. The funds are released in a lump sum for both water and sanitation. A separate agency called Jal Nigam has been formed since 2011-12 to handle multi-village piped water schemes. The PHED only implements single village piped water schemes.

Like Madhya Pradesh, **Chhattisgarh** too has the similar fund flow structure. The fund would earlier go to the Executive Engineer of the PHED at the District level. In the case of Chhattisgarh, the funds are released in 3 instalments over four quarters. The fund release is in the following pattern as shown in Fig. III.3A:

The basis for allocation of funds is population of the district/block and SC/ST criteria. The state government over the past three years has been observing 'budgetary control'. This implies that funds are released based on certain stipulations such as 60 percent of the first instalment needs to be spent before the second instalment is released.¹⁰



The **Odisha** state government has targeted to bring piped water supply to every household by 2019. The fund flow structure for rural water supply is akin to the other study states. There is no funding for new schemes in 2015-16. In fact, officials informed the study team that after the 14th FC grant release, the net increase in funds for rural water has been in the negative which may imply that funds were being re-directed to the sanitation programme (as evident in the huge jump in allocation for the sanitation programme in Odisha)

III.2: Rural Sanitation- Institutional and Fund Flow Mechanisms

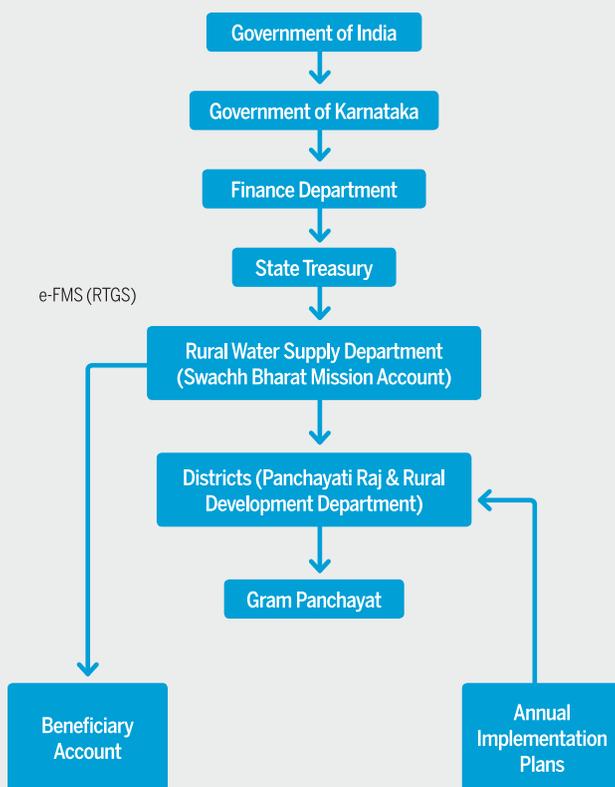
Rural sanitation in **Karnataka** is handled by the RWS department under the PR & RD department.

¹⁰ This is a stipulation under the NRDWP Guidelines

As shown in the Fig III.4, the funds for SBM are routed through the State Treasury like in rural water. After the funds reach the RWS department, they are sent through e-FMS and RTGS (Real Time gross settlement) either directly to the beneficiary's account or to the district PR & RD department. (Fig III.4). Meanwhile, the Gram Panchayats send their Annual Action Plans to the Districts who in turn send it to the states. Based on these plans, funds are released.

Officials have said that funds have not been sufficient for SBM, despite the separate allocation for SBM (Urban). The target for achieving ODF status by 2019 has also put a lot of pressure on the administration. Six consultants have been hired for implementing SBM, with three at the state level and three at the district level.

Fig III.4: Fund flow Mechanism of SBM in Karnataka

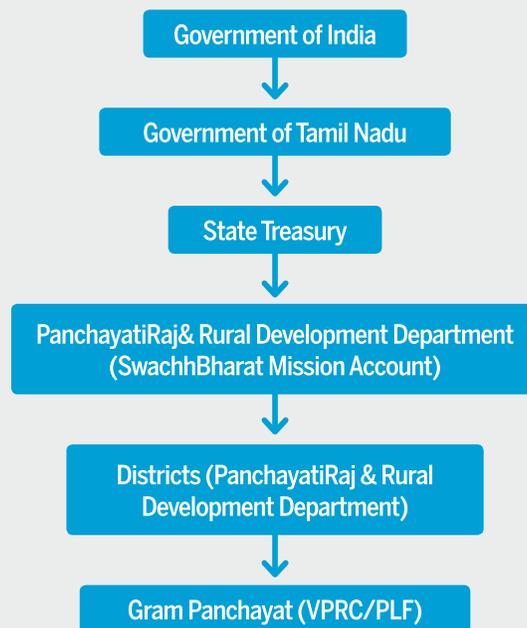


Source: Based on discussions with State officials, Rural Water Supply Department, Government of Karnataka.

The fund flow mechanism in **Tamil Nadu** is similar to Karnataka for rural sanitation. The PR & RD is the nodal agency for rural sanitation in the state. (Fig III.5) Prior to the SBM, the UNICEF's campaign on sanitation called '*Chichi Chollappa*' which was being supported by the state has now been clubbed with SBM (R). This was a mass campaign and pitched on the pride, dignity, health of the community. The SHG Federations in the villages are the main entities involved in the SBM at the Gram Panchayat level. *Swachhata Doots* have been deployed by the department with an annual remuneration of Rs. 16,000 (for IEC activities).

The release of the subsidy amount is in two instalments. Photographs of IHHL construction are taken in two stages and is mandatory for releasing the subsidy. Prior to fund release the overseer visits the site and issues a valuation certificate as per progress achieved. To enable the poorest of the poor to construct toilets, the Village Poverty Reduction Committee (VPRC) and the Panchayat Level Federation (PLF) releases an advance of Rs. 5000 from their own community funds (through other state schemes) to cover at least 10 percent of the beneficiary cost.

Fig: III.5. Fund Flow Mechanism of SBM in Tamil Nadu



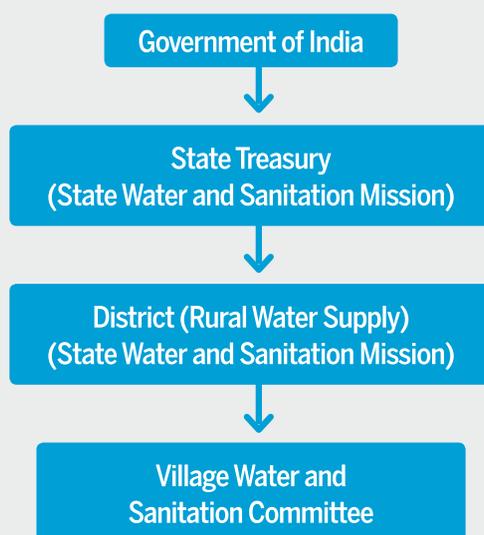
Source: Based on discussions with State officials, Panchayati Raj & Rural Development Department, Government of Tamil Nadu.

The District Collectors conduct weekly meetings comprising of district level officials of DRDA and women development department to review the progress made. The convergence of the sanitation scheme with the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) continues, however, it is ensured that there is no duplication of work between the two departments.

The rural sanitation fund flow mechanism for **Telangana** is shown in Fig III.6. Similar to the other states, the funds go through the state Treasury to the District level. At the state level, the SWSM is the nodal agency and at the district level, it is the DWSM. The fund allocation to the beneficiary is in 3 phases. 50 percent of the funds are initially released to the Village Water & Sanitation Committee (VWSC). (this is dependent on the GP making a resolution that they would make the GP open defecation free). The process followed is that in the first stage, photographs are taken, and then an application for geo-tagging is sent out. After 50 percent of the work is completed, another photograph is taken, after which, 40 percent is released. At the last stage, when the toilet is completed, the 10 percent is released.

The VWSC has a joint account. The village secretary is the President of the SHG and the Chairman is the Sarpanch. The Mandal Sanitation Officer and the Block Sanitation Officer are part of the Mandal Parishad Devpt. Deptt. Their role is to ensure usage of the toilets. Centre for Good Governance and Society for Elimination of Rural Poverty (SERP) are some of the implementing agencies for SBM in the states.

Fig III.6: Fund Flow Mechanism of SBM in Telangana



Source: Based on discussions with State officials, State Water and Sanitation Mission, Government of Telangana.

The state government wants a similar system for online fund disbursement for SBM that it is using for MGNREGS. The state recently launched a new scheme called *Grama Jyothi* in August 2015 as a continuation of *Mana Ooru-Mana Pranalika*. The objective of *Grama Jyothi* is to improve the service delivery to the people in core sectors through the strengthening of the Gram Panchayats by bringing together the efforts of various departments working at the Gram Panchayat level which are hitherto working independent of one another. *Grama Jyothi* aims to synergise the developmental activities of the departments by achieving functional and financial convergence through preparation of Gram Panchayat Developmental Plans and primarily to empower GPs.¹¹ For this scheme, sanitation is used as an entry point by laying stress on construction of IHHLs in the villages.¹²

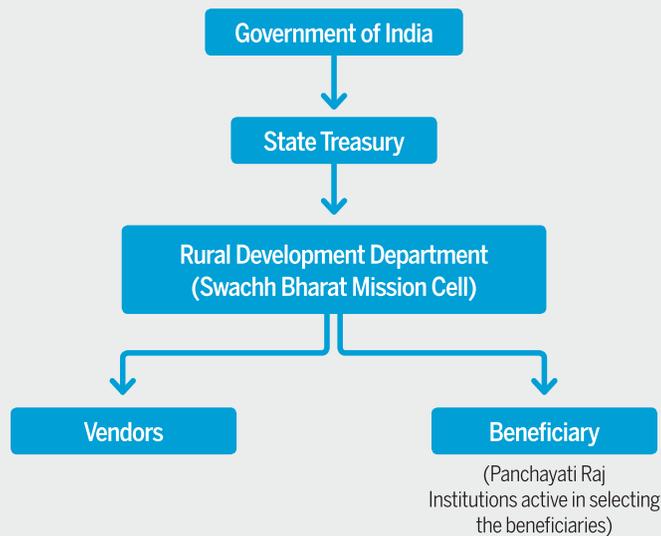
In **Andhra Pradesh**, the fund flow mechanism is similar to the one in Telangana. The only difference being that there are no VWSCs; rather the beneficiary household has the sole responsibility for toilet construction. The convergence with MGNREGS continues.

¹¹ <http://tspri.cgg.gov.in/getInfo.do?dt=1&old=20> Link accessed on 25th January '16

¹² <http://www.thehindu.com/news/national/telangana/1983-villages-adopted-under-grama-jyothi/article7592989.ece> Link accessed on 25th January '16

Since the launch of SBM in **Madhya Pradesh**, sanitation has got the highest priority more so because the ruling party in the state is also the same as in the centre. The state plans to achieve ODF status before 2019. Each district has made a two year plan to achieve ODF status. In the SBM scheme, direct fund transfers are made to registered vendors or to the beneficiaries directly through eFMS. This is a progressive step as opposed to direct benefit fund transfers such as the proposed plan to replace the Public Distribution System (PDS). (Fig III.7) Bank account details of beneficiaries and Gram Panchayats are taken for this purpose. The funds are released to the beneficiary or the vendor/contractor (the vendor in turn hires masons to construct).

Fig III.7: Fund Flow Mechanism of SBM in Madhya Pradesh



Source: Based on discussions with State officials, Rural Development Deptt., Govt. of Madhya Pradesh.

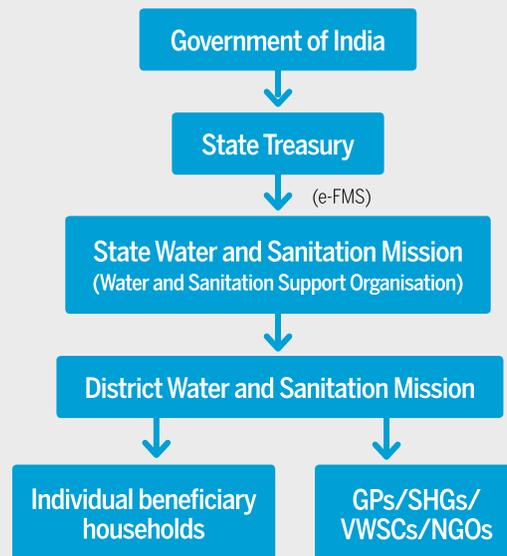
The PHED was handling the SBM in **Chhattisgarh** till October 2014. Since then, it is being administered by the Rural Development Department. The state has set its own target date of December 2018 for achieving ODF status. The District Water & Sanitation Mission (DWSM) is the nodal authority at the district level. The Community Led Total Sanitation¹³ (CLTS) approach is being followed in the state. There is convergence with the Education department. The GPs send proposals to the District and after three months, the fund is released to the GP. Around six months are taken for the entire process to get completed. The State Mission on SBM (Rural) is part of the PR & RD Department. The Officer on Special Duty is the Mission Director of SBM (Rural). The MGNREGS is not merged with the SBM and have separate funds for toilet construction. The fund flow structure is similar to Madhya Pradesh but it is more demand driven since CLTS approach is being used.

¹³ CLTS is an approach that focuses on igniting a change in sanitation behaviour through community participation rather than constructing toilets. It does this through a process of social participation. It concentrates on the whole community rather than on individual behaviours and the collective benefit from stopping open defecation can encourage a more cooperative approach.

In **Odisha**, similar to the other states, the fund for SBM (r) is routed through the State Treasury, after which it is released to the State Water and Sanitation Mission (SWSM) which is a part of the Rural Development Deptt. The SWSM is the nodal agency for implementing SBM in the state. From the SWSM, the fund is transferred to the DWSM at the district level through eFMS. At this stage, the fund is released in two ways – either it goes to the Gram Panchayat (SHG's, NGO's, VWSCs, PRIs, youth clubs are the implementing agencies at this level) or to the beneficiary's account directly. (Fig III.8) The Engineers at the District are the signatories for fund release to the GPs. Prior to the release of funds, the GPs send their requests to the Junior Engineer where a form is filled, a photograph is taken and the account is verified. The incentive of Rs. 12000 is given to the beneficiary household at the end of toilet construction. However, if it is constructed upto ground level, 20 percent of the fund is given; another 40 percent is released when the wall is constructed. Finally, the remaining 40 percent is given once the work is completed.

The primary function of the Water and Sanitation Support Organisation (WSSO) is that of a support organisation to the water and sanitation programme at the state level. It plays a technical advisory role to the Rural Development department at the District level. The WSSO gets 8 percent of the SBM funds for support activities such as providing technical inputs in setting up water quality laboratories. Odisha also follows the CLTS approach like Chhattisgarh.

Fig III.8: Institutional Structure & Fund Flow Mechanism of Rural Sanitation in Odisha



Source: Based on discussions with State officials, Rural Development Department, Government of Odisha

III.3 Urban Water- Institutional and Fund Flow Mechanisms

The urban water supply in all the seven states is managed by the Municipal Administration and Urban Development (MA & UD) department and the water sewerage and drainage Boards. In **Karnataka**, the Karnataka Urban Water Supply and Drainage Board (KUWSDB) is entrusted with the advisory, design, execution and operation and maintenance (O&M) role for bulk water supply to all urban areas in the state except Bangalore city. The KUWSDB does not have the authority to raise its own resources and depends on the state government and the ULBs for both approval and financing of projects. The initial project planning for AMRUT has taken place in the state.

The situation in **Tamil Nadu** is somewhat similar to Karnataka, where the TWAD Board plays the role of supplying water to both the urban and the rural population of the state. The fund flow structure (Fig III.9) shows that funds are released from the state Treasury to the MA & UD Department and further released to Municipalities and Corporations (ULBs). Regarding AMRUT, Central assistance of Rs. 50,000 crores has been provisioned under the Mission for 5 years for the country. Projects have been carved out relating to water, sewerage and storm water drains in the state.

Fig III.9: Fund flow Mechanism of Urban Water in Tamil Nadu

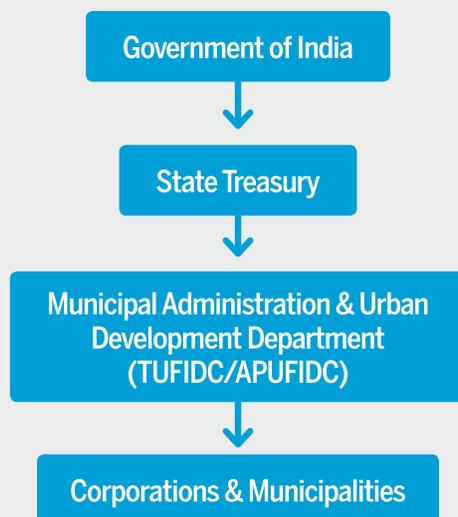


Source: Based on discussions with State officials, Municipal Administration and Urban Development Department, Government of Tamil Nadu

In **Telangana**, the Water Grid scheme of the state has the responsibility of supplying water to ULBs. The scheme draws water from the Krishna & Godavari rivers and supplies to all Municipalities and Municipal corporations including the Greater Hyderabad Municipal Corporation (GHMC) areas. The Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB) supplies water to the core centre of Hyderabad city as well as to Greater Hyderabad area (The HMWSSB, since its inception in 1989, initially had 165 sq kms under its jurisdiction which has now been increased to 675 sq kms including the GHMC areas) The Commissioner and Directorate of Municipal Administration (CDMA) looks after the water supply and sewerage of all the ULB's in Telangana.

The fund flow mechanism for urban water in **Telangana** and **Andhra Pradesh** are given in Fig III.10

Fig III.10: Fund flow Mechanism of Urban Water in Andhra Pradesh & Telangana



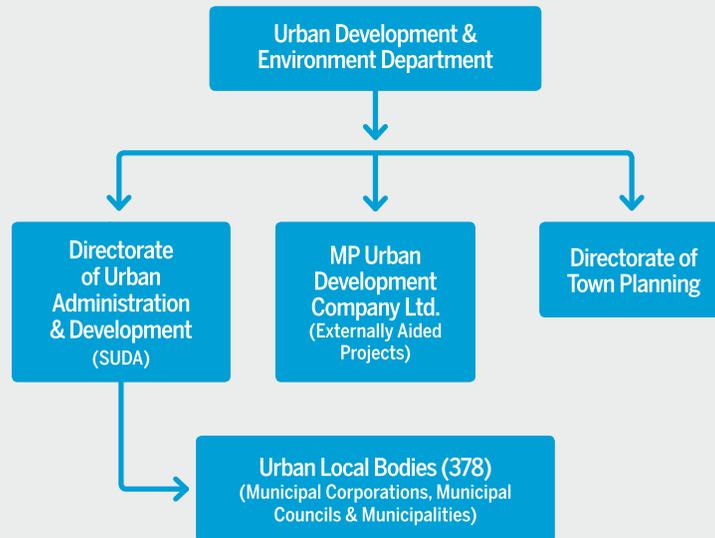
Source: Based on discussions with State officials, Municipal Administration and Urban Development Department, Governments of Andhra Pradesh & Telangana.

The fund is released by the state Treasury to the MA & UD department. This amount then goes into the Project Development Account of the Andhra Pradesh Urban Infrastructure Finance Development Corporation (APUFIDC) for Andhra Pradesh and the Telangana Urban Infrastructure Finance Development Corporation (TUFIDC) for Telangana. The matching contribution is given by the State government. The Engineering section meanwhile scrutinises the PIPs (Project Implementation Plans¹⁴), in this case, for urban water projects and releases the fund. The two criteria used for releasing the funds are, fund availability and progress of work done.

Regarding AMRUT, 10 cities (up to 1 lakh population) in **Telangana** have been selected and Rs.1000 crores have been allocated for 5 years with Rs. 20 crores given to each city for a year. In **Andhra Pradesh**, a State Action Plan has been designed for AMRUT by APUFIDC.

In **Madhya Pradesh**, Fig III.11 shows the institutional structure of the Urban Development & Environment Department (UD & ED). Under this department, there is a plan to form a company called Madhya Pradesh Urban Development Company (MPUDC) Ltd. which would handle all externally aided projects. The MPUDC is a Public Company incorporated on 27th April 2015. It is classified as a State Government Company and is registered at Registrar of Companies, Gwalior. Project implementation units have already been formed. Some amount of the BRICS funding would also be used for this. There is a plan to take over AMRUT projects gradually. The Madhya

¹⁴ PIPs are drawn up for both urban and rural water supply projects. In this case, it is for urban water supply schemes.

Fig III.11: Institutional Structure of Urban Development & Environment Department in Madhya Pradesh

Source: Based on discussions with State officials, Urban Development & Environment Department, Government of Madhya Pradesh

Pradesh Urban Infrastructure Fund (MPUIF) is a Trust which would be involved in funding the MPUDC. It has been planned that the MPUDC would be the Apex body for all Externally Aided Projects (EAP). There are 378 ULBs and the department has already taken up schemes in 238 towns covered under JNNURM, Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) and Asian Development Bank (ADB) funded project.

The State scheme called '*Mukhya Mantri Shahri Peyjal Yojana*'/*CM Peyjal Yojana* which started in 2012 has covered approximately 129 towns. The *CM Peyjal Yojana* aims to provide 100 percent towns with 24x7 water supply by providing grant plus loan based support to ULBs. The program has a mandatory reform of levying user charges and collection efficiency of user charges of up to 85 percent.¹⁵ This scheme was launched to provide drinking water to those local bodies which are facing water scarcity and lack funding to operationalise their water augmentation schemes.¹⁶

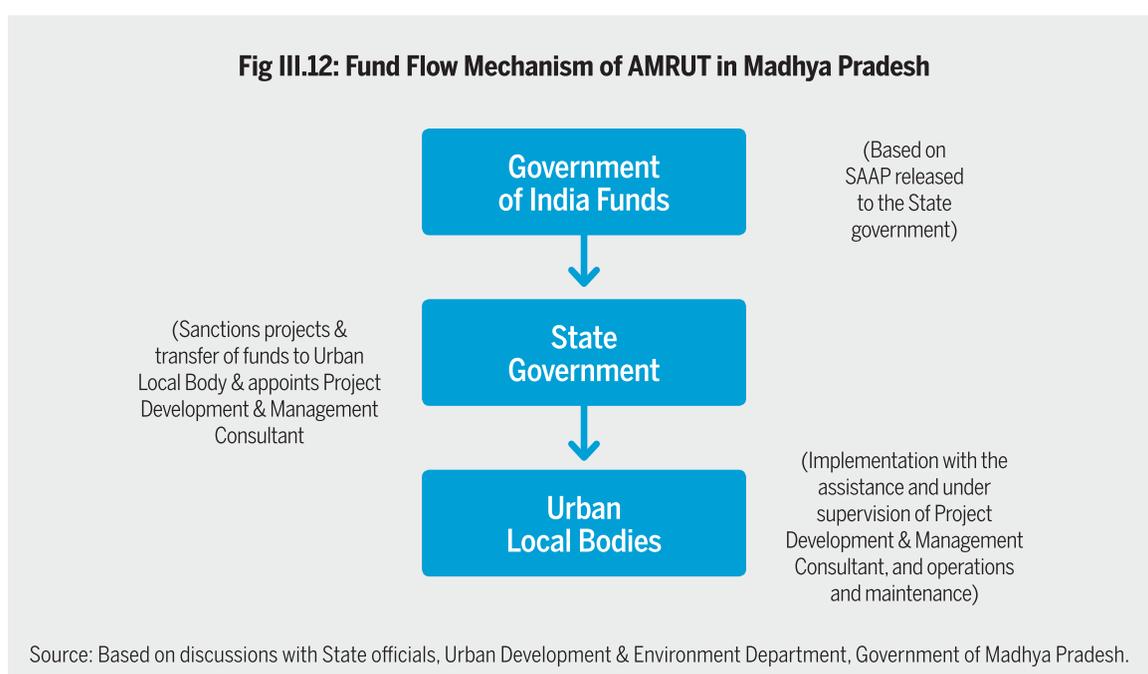
The aims of this scheme are: a) to provide standard drinking water to all towns; b) to implement suitable schemes through Public-Private Partnership. The future ULBs also would be part of this scheme. The bases of selecting ULBs are: a) town with 1 lakh or above population which receives water supply after 3 or more days; b) the district headquarter with 50,000 to 100,000 population receiving water supply after 3 days or more; c) towns/cities of religious/tourist importance; d) those towns which receive water supply after 2 days; e) those towns which receive water supply after 1 day; f) those towns which do not have water supply schemes. Within the prioritised towns, those cities would be given priority which have more than 50 percent of property tax collection. It is also

¹⁵ Water and Sanitation: State Series, 2012 Madhya Pradesh: Slow and Steady Wins the Race, Health of the Urban Poor (HUP) Program Population Foundation of India

¹⁶ Local Administration Management, In the Context of MP Municipal Corporation and Municipalities, Reading Material 2015, National Institute of Governance & Urban Management, Bhopal. Link can be accessed at www.nigum.mpurban.gov.in

important for these local bodies to collect 85 percent of property tax within three years after receiving grants under town scheme.

Officials stated that there was no overlapping of schemes except for gap filling. AMRUT is mainly seen as a gap filling scheme i.e. only when the other state scheme funds for urban water and sewerage falls short, then the AMRUT fund is utilised. Moreover, the amount of 50 percent allocation of Central government funds is considered to be too meagre for any kind of substantive work to be taken up under the AMRUT scheme. 33 towns have been selected under AMRUT and the Strategic Action Plan for 32 towns have been completed. Fig III.12 shows how the fund goes



from the state government to the UD & ED Deptt. The Deptt. sanctions projects and transfers the funds to the ULBs. It also appoints the Project Development & Management Consultant (PDMC) who supervises the ULBs work regarding the AMRUT scheme.

In **Chhattisgarh**, urban water supply is managed by the ULBs. Water augmentation schemes are implemented by the PHED in coordination with the ULBs. The supply and maintenance of these water augmentation schemes fall under the purview of the ULBs. The fund flow mechanism of the state for urban water is given below in Fig III.13

The state government (MA & UD Deptt.) releases funds to the ULBs directly. The MA & UD plays a supervisory and technical advisory role and oversees all municipalities including Raipur. One of the state government schemes called the *Bhagirathi* provides free tap water. The state government gives Rs. 3000 to the ULBs and households are charged Rs.60 per month. For AMRUT, the state has allocated Rs. 200 crores.

In **Odisha**, the Public Health Department (PHD) implements the urban water supply schemes. Fig III.14, shows the fund flow and institutional structure of urban water supply in the state. The Director of MA & UD is the head of the State Urban Development Agency (SUDA). The MA & UD is

Fig III.13: Fund flow Mechanism of Urban Water in Chhattisgarh



Source: Based on discussions with State officials, Municipal Administration & Urban Development Department, Government of Chhattisgarh.

a part of the Housing & Urban Development Department (H & UD). Only during the time of passing the budget, the schemes are scrutinised by the H & UD Department. After scrutiny, it goes directly to the PH department. The Odisha Water Supply & Sewerage Board (OWSSB) is only involved in O&M of schemes.

Fig III.14: Fund flow Mechanism of Urban Water in Odisha



Source: Based on discussions with State officials, Housing & Urban Development Department, Government of Odisha.

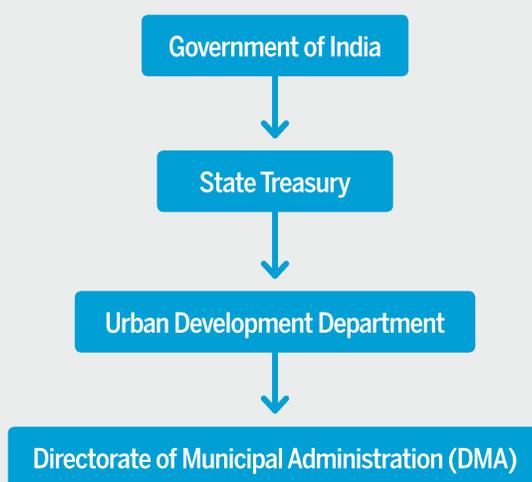
¹⁷ Odisha Urban Sanitation Strategy 2011, Housing & Urban Development Department, Govt. of Odisha

The Board does not have the capacity to supply water to urban areas in the state. However, the State Sanitation Nodal Agency (SSNA) for the state is the OWSSB which is responsible for guiding ULBs in the preparation of City Sanitation Plans.¹⁷ The AMRUT scheme is in its initial stages in the state and consultants have been hired for its implementation.

III.4 Urban Sanitation- Institutional and Fund Flow Mechanisms

The fund flow for SBM (U), in **Karnataka** is shown in Fig III.15. Prior to releasing the funds for SBM (U), the state uses the Census 2011 survey to identify the number of OD households and the District Project Reports (DPRs) from the ULBs. They are then sent to the DMA after which they are approved. At the state level there is an ESCROW¹⁸ account for SBM (U) where the amount is deposited. When the project is sanctioned, the first instalment is released. For projects over two crores, it is sent to High Powered Committee (HPC) for review. The HPC consists of representatives from different departments such as social welfare, health, education and finance. For lower amount projects, it is sanctioned at the District collector / Municipal Commissioner's level. Up till now in Karnataka, 2 lakh applicants have put in their requests for IHHL. The DMA makes sure that all the IHHL requests are 'sanitary', technically, as in they should have a sanitary superstructure and proper underground drainage (UGD). In places with no UGD, on-site sanitation solutions and other alternatives were an option; however, state officials did not reveal any information on this aspect.

Fig III.15: Fund Flow Structure for SBM (U) in Karnataka



Source: Based on discussions with State officials, Directorate of Municipal Administration, Government of Karnataka.

For SBM (U), Rs. 80 crores have been released in **Karnataka** till August 2015. The state contributes one-third cost for SBM (U). The total cost for an IHHL is Rs. 5,300 (Centre: Rs. 4,000 State: Rs. 1,300). TSP and SCSP funds are also being used to enhance the IHHL unit cost for SC

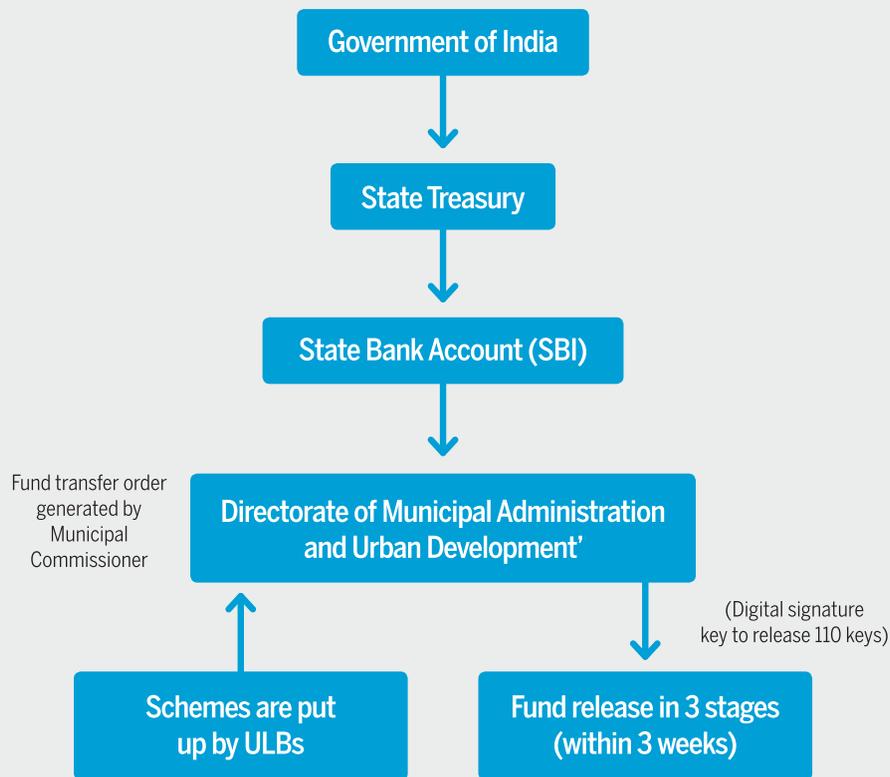
¹⁸ An ESCROW account is a temporary pass through account held by a third party during the process of a transaction between two parties.

and ST households. The amount released is based on 2011 Census survey and DPRs from the ULBs.

In **Tamil Nadu**, the fund flow mechanism is similar to Karnataka. According to state government officials, a lot of initiative has been taken to make areas ODF. There has been a substantial amount of progress that has occurred from 2001 to 2011. In addition to 134 ULBs involved, companies are also contributing by way of providing raw material for IHHL construction. For Community Toilets, 40 percent of the budget has been earmarked. There is convergence between the municipal administration and the school education department through essay competitions on hygiene awareness and safe sanitation practices. In many instances projects have been dovetailed with the health department, Slum Clearance Board and the SHGs. There is no financial convergence since the education department has its own funds for sanitation. However, there is convergence at the level of programme implementation.

Andhra Pradesh has established a Swachh Bharat Corporation since October 2014, under

Fig III.16: Fund Flow Structure for SBM (U) in Andhra Pradesh



Source: Based on discussions with State officials of the Municipal Administration & Urban Development and Swachh Bharat Mission Corporation, Government of Andhra Pradesh.



which 110 ULBs are covered. These ULBs comprise of Municipal Corporations, Municipalities, Town area committees and Notified Area Committees (all the three tiers of local governance). Initially a survey is done to verify the OD households and select the beneficiaries. After this step, the Corporation sanctions orders through geo-tagging. The Corporation is under the MA & UD. The amount for toilet construction is Rs.15,000 with the following ratio: Centre: Rs. 4,000 State: Rs. 11,000. The fund flow process is given in Fig III.16

There is emphasis on mainly constructing a sanitary latrine (twin pit and septic tank model) however, land is a constraint. Toilet construction can be undertaken with the help of the Slum level Federation (SLF) or by the beneficiary's own initiative.

In **Telangana**, the Commissioner and Directorate of Municipal Administration (CDMA) is the nodal agency for SBM (U). The CDMA is the State Mission Director for the implementation of SBM (U). Till now Rs.100 crores have been allocated for improvement of sanitary conditions. However, officials mentioned that resources had not been earmarked properly. ULBs in the state also look into urban sanitation, but there is poor coverage for solid waste management. Since only 50 to 60 percent of the state is connected to sewer lines, other alternatives need to be explored such as on-site sanitation solutions.

In **Madhya Pradesh**, the state scheme for urban sanitation called the Chief Minister Urban Sanitation Mission¹⁹ has existed since 2010-11. The infrastructure and set up was already present and ready to be used for SBM. Hence, there was already a demand for IHHL. The government had made special efforts to improve sanitation in urban areas. Prior to SBM (U), Rs. 10,000 was given for construction of IHHL by the state government with ULBs contributing Rs. 1,000. At present the break-up is in the following ratio: Centre-Rs.4000, State-Rs.6000, ULB-Rs. 1360, Beneficiary- Rs. 1360, Total- Rs. 13600. In case of cost escalations, the ULB would bear the responsibility. The ODF target for the state is 2016-17. The SBM cell under the UD & ED is the nodal agency for SBM (U) in the state.

The SBM (U) uses the CLTS approach for achieving ODF towns in **Chhattisgarh**. "*Har ghar shauchalya*" is the slogan used to promote awareness on ODF households. As reported by the state level officials, there has been substantive progress in IHHL construction. The scheme is totally demand driven. The Zila collector is the executing (competent) authority. The fund sharing ratio between Union, State and ULB amounts to 2 percent, 7.25 percent and 0.75 percent respectively which amounts to Rs.4000, Rs.14500 and Rs.1500, respectively. A revolutionary step taken by the government is that toilet construction has been delinked to landholding rights. The SUDA is the registered agency to oversee urban water and sanitation and also plays a monitoring role.

The Odisha Water Supply and Sewerage Board (OWSSB) is the implementing agency for SBM (U) in **Odisha**. Funds are released to 111 ULBs comprising of Municipal Corporations, Municipalities, Town Area Committees and Notified Area Committees (all the three tiers of local governance) by the OWSSB for SBM (U). Along with the sanction order, a list of beneficiaries is provided to OWSSB, according to which the OWSSB releases the amount to ULBs. The fund

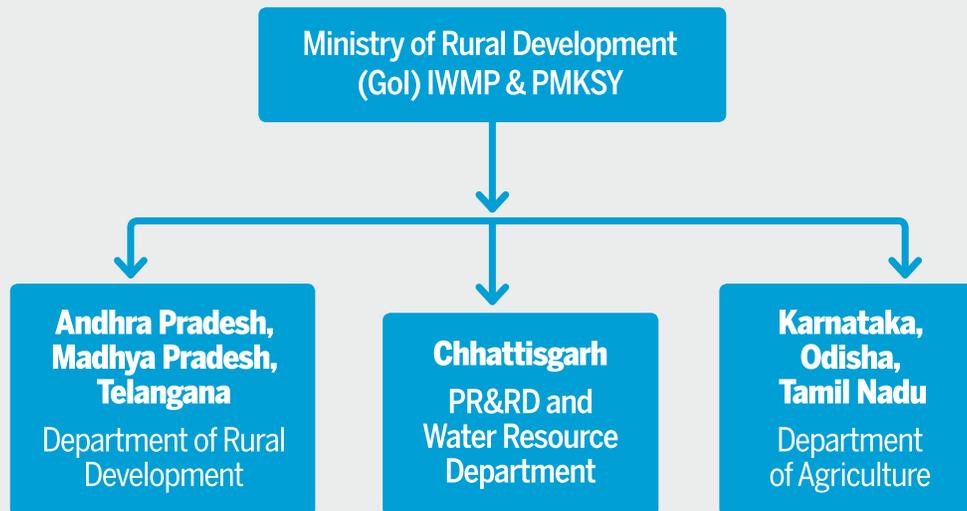
¹⁹ Water and Sanitation: State Series, 2012 Madhya Pradesh: Slow and Steady Wins the Race, Health of the Urban Poor (HUP) Program Population Foundation of India

sharing ratio is: Centre: Rs 4000, State: Rs.1,300, Total: Rs. 5,300 per IHHL. The ULB transfers funds to the beneficiaries after the completion of IHHL. Like Chhattisgarh, Odisha also follows the CLTS approach while implementing SBM (U).

III.5: Water Resources- Institutional and Fund Flow Mechanisms

In July 2015, the Union Ministry combined the Accelerated Irrigation Benefit Programme(AIBP), IWMP, and On Farm Water Management (OFWM) Schemes under the *Pradhan Mantri Krishi Sinchayee Yojana* (PMKSY). Along with that, Neeranchal (World Bank Funded Project) is designed to further strengthen and provide technical assistance to the Watershed Component of PMKSY. Fund flow for IWMP, PMKSY and Neeranchal project takes place through the Ministry of Rural Development at the Union level, whereas at the states' level different departments, as given in Fig III.17, allocates the fund. In Andhra Pradesh, Madhya Pradesh, and Telangana, the funds are routed through the Department of Rural Development. The Department of Agriculture in Karnataka, Odisha and Tamil Nadu receive the funds for these two programmes. In Chhattisgarh, the PR & RD and Water Resource department receive the funds for the programmes.

Fig III.17: Fund Flow Structure for IWMP & PMKSY from Union to the States



Source; Demand for Grants of various departments, 2014-15 & 2015-16 in select States.

IV. Budgetary Analysis of Water and Sanitation

Apart from the policy environment and the institutional set-up in water and sanitation, budgets play not a crucial role in realizing the commitments. To get a better understanding on budget terminology which will be extensive in this Section, a glance at Box 5, would make the terms clearer. In this section, some of the major trends in budgetary allocations towards schemes for water and sanitation schemes and schemes under water resources for two years (2014-15 and 2015-16) have been given for all the seven states.

Box 5: What are Budget Estimates, Revised Estimates & Actuals?

Budget Estimates (BE) and Revised Estimates (RE) for any financial year are not the actual figures for government's receipts/ expenditures during that financial year; they are only estimates/ projections of government's receipts/ expenditures during that financial year.

But, Actuals (AE) for a financial year show the actual figures for government's receipts/ expenditures during that financial year

The Central Government would have prepared the Union Budget for 2016-17 during the time period from September 2015 to February 2016. In this case, the approval of Parliament would be sought for the estimated receipts/ expenditures for 2016-17, which would be called Budget Estimates.

At the same time, the Central Government, in its Budget for 2016-17, would also present Revised Estimates for the ongoing financial year 2015-16. We may note here that the government would not seek approval of Parliament on Revised Estimates for 2015-16; but, these Revised Estimates would allow the government to reallocate its funds among its various Ministries/Departments based on the implementation of the Budget for 2015-16 during the first six months of financial year 2015-16.

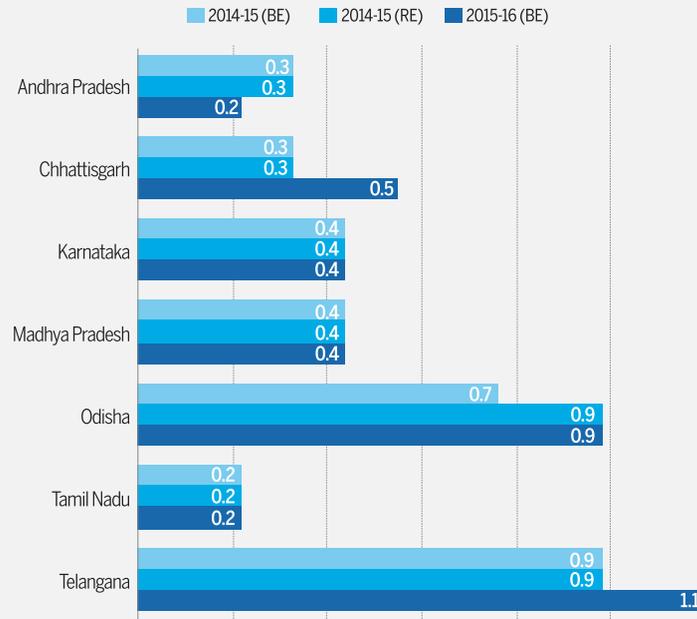
Finally, the Ministries/Departments would also be reporting their Actual receipts/ expenditures for the previous financial year 2014-15. Hence, the Union Budget for 2016-17 would consist of Budget Estimates for 2016-17, (Budget Estimates and) Revised Estimates for 2015-16, and Actuals for 2014-15.

In Fig IV.1, the share of expenditure on water and sanitation as percentage of Gross State Domestic Product (GSDP) has not shown much change from 2014-15 (RE) to 2015-16 (BE). Andhra Pradesh has reduced its expenditure on water and sanitation as percentage of GSDP slightly whereas Telangana²⁰ has increased it from 2014-15 to 2015-16. Tamil Nadu has the lowest share of water and sanitation expenditure as percentage of GSDP whereas Telangana has the highest from all the seven states.

The share of expenditure on water supply and sanitation as a percentage of the total state budget is the highest for Telangana followed by Odisha and the lowest for Tamil Nadu. In the two years, 2014-15 to 2015-16, the trends show a similar pattern; however, Karnataka and Telangana have

²⁰ Telangana being a newly created state, the cost of setting up administration for each department of the state could likely be the reason why the expenditures in most sectors are higher than in other states.

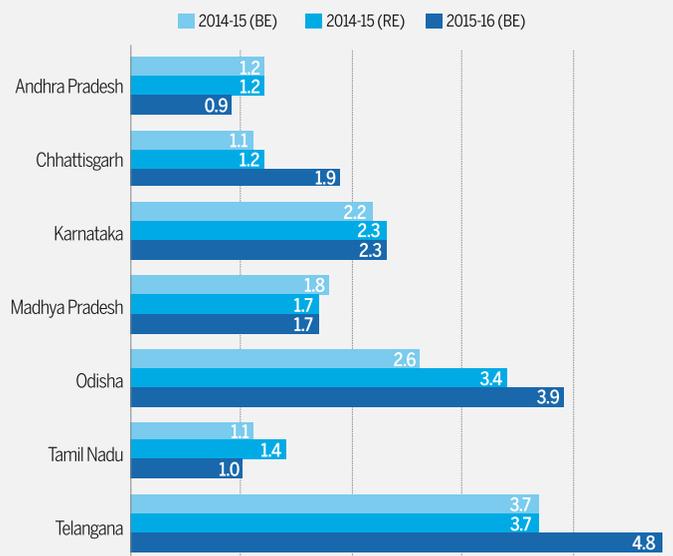
Figure IV.1: Share of Water Supply & Sanitation as percentage of GSDP



Source: Demand for Grant 2015-16; Annual Financial Statements (AFS) 2015-16 of the States.

shown an increase whereas it has decreased marginally for Andhra Pradesh, Tamil Nadu, Madhya Pradesh, other states. (Fig IV.2)

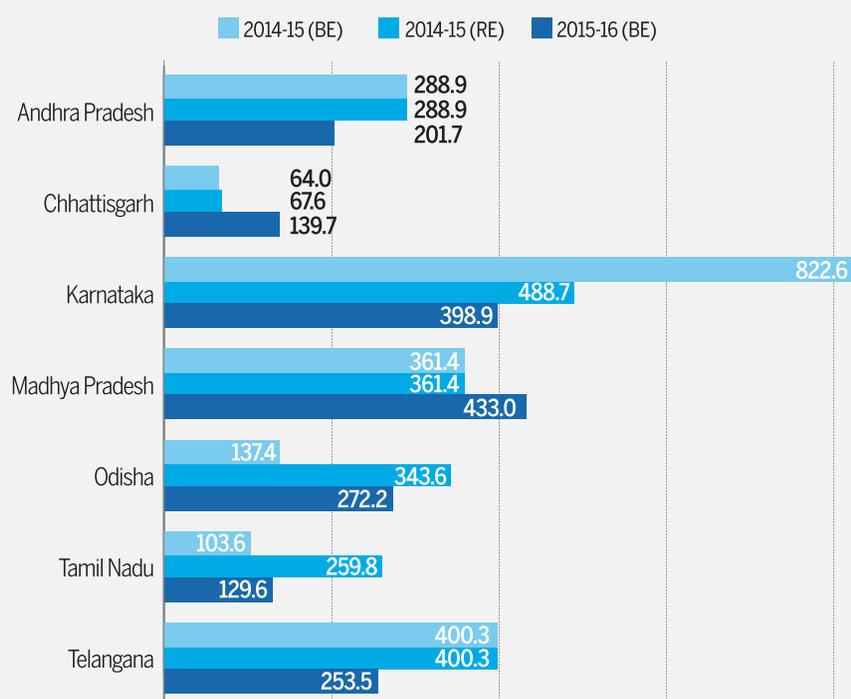
Figure IV.2 Share of Water Supply & Sanitation as percentage of Total State Budget



Source: Annual Financial Statements (AFS) 2015-16 of the States.

It can be observed from Table IV.3 that total allocation for schemes related to water resources in 2015-16 (BE) has gone down in Andhra Pradesh, Telangana and Karnataka as compared to 2014-15 (BE). In 2015-16 (BE), Tamil Nadu and Odisha have lesser allocation than 2014-15 (RE). Chhattisgarh and Madhya Pradesh have shown an improvement in allocation with the inclusion of the supplementary Budget which has increased on the whole (Fig IV.3). In the total allocation, IWMP and PMKSY have a higher percentage share compared to the other schemes.

Figure IV.3: Total Budgetary Allocation for Selected Schemes of Water Resources



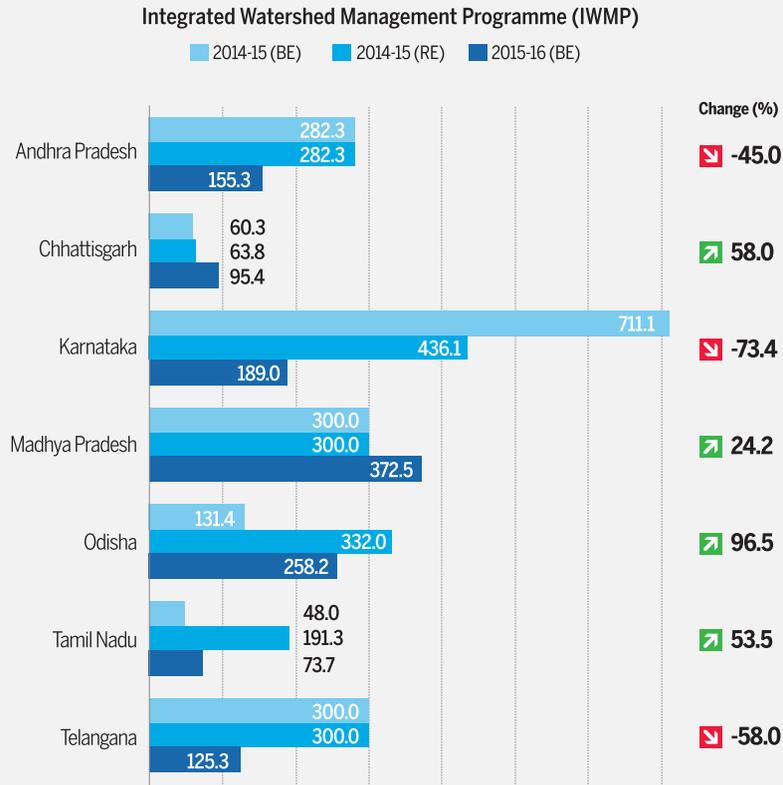
Figures in ₹ crore

Allocation has been under various ministries. It includes Plan and Non-Plan allocation. List of selected schemes are given in Annexure.

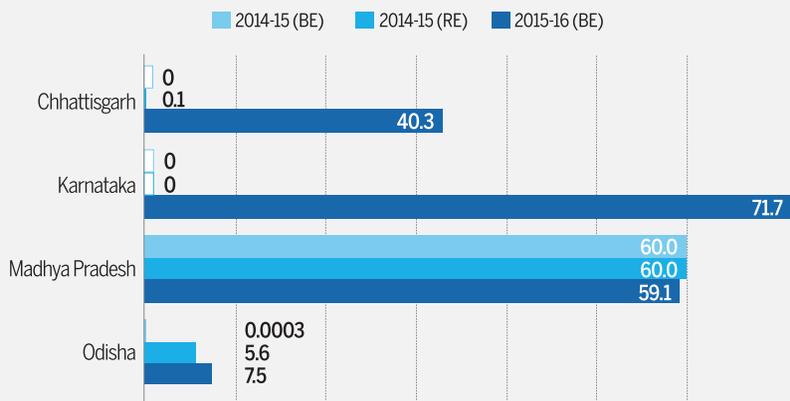
Source: Demand for Grant of various departments in different States.

It can be observed from Fig IV.4 that the PMKSY is yet to take off on the ground and the major allocation for watershed programmes is still being implemented under IWMP. In 2015-16 (BE), Andhra Pradesh, Telangana, Karnataka have a lower allocation for IWMP as compared to 2014-15 (BE). Andhra Pradesh has 45 percent lesser allocation for IWMP. Telangana has 58 percent less and Karnataka has 73.4 percent lower allocation in 2015-16 (BE). Odisha, Madhya Pradesh and Chhattisgarh have increased their allocation by 96.5, 24.2 and 58 percent respectively. In case of Tamil Nadu, although, in year-to-year comparison, allocation has gone up but if we compare 2014-15(RE) allocation to 2015-16 (BE) it has gone down by 61.5 percent.

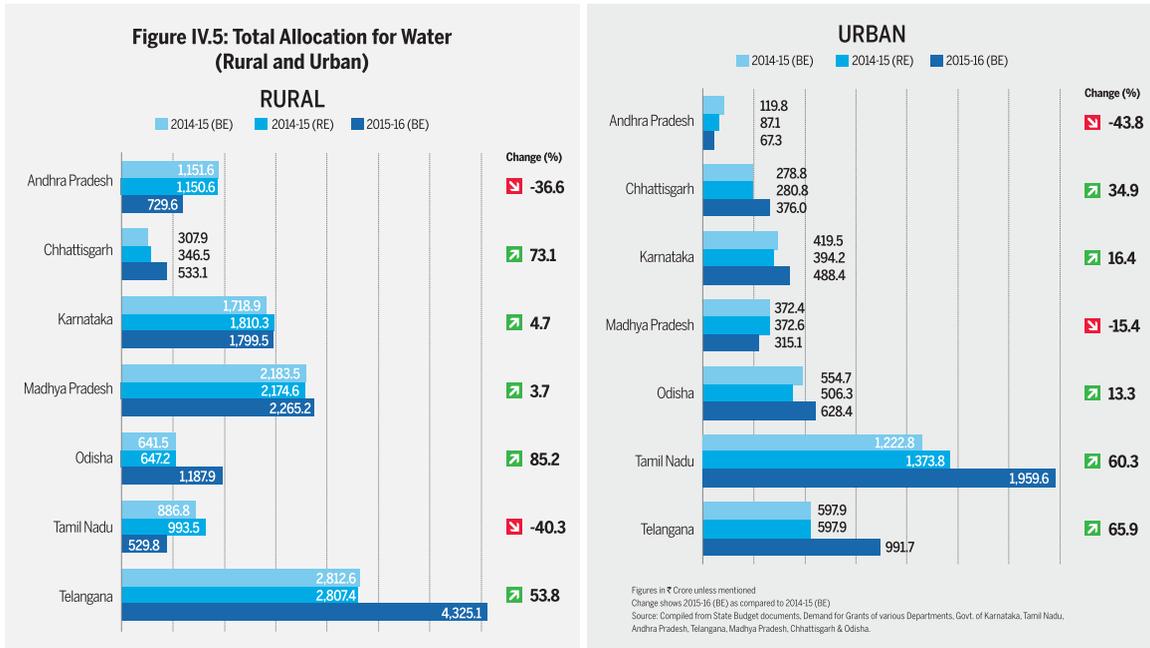
Figure IV.4: Budgetary Allocation for IWMP and PMKSY in Selected States



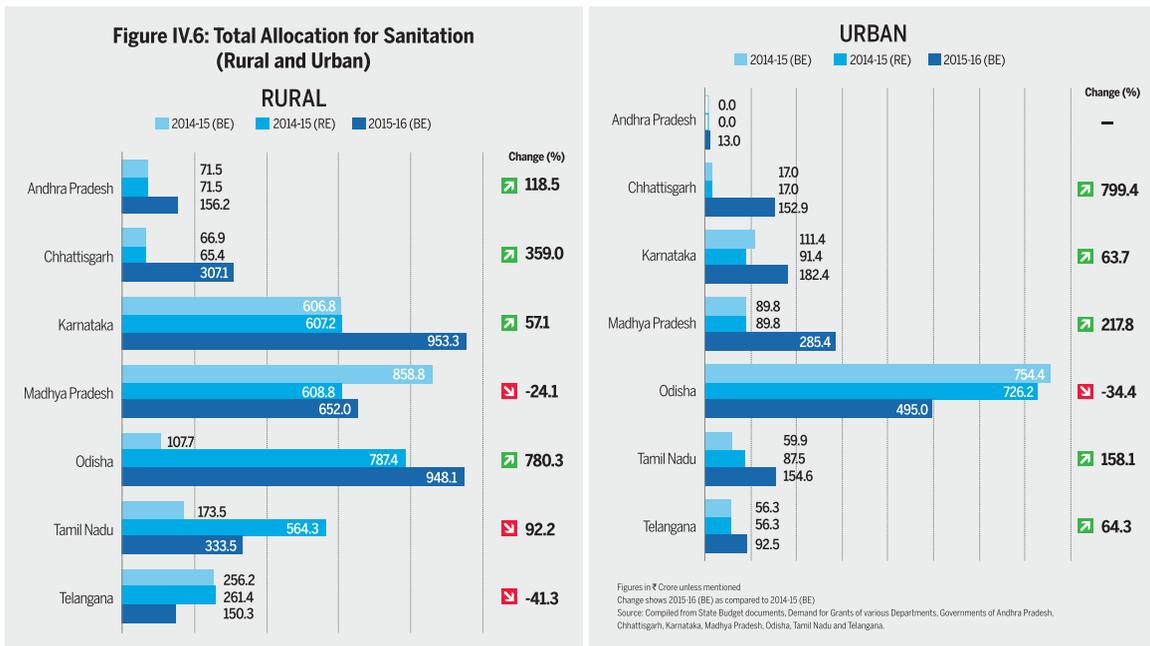
Pradhan Mantri Krishi Sinchai Yojana (PMKSY)/Neeranchal



Figures in ₹ Crore unless mentioned
 Change in IWMP 2015-16 (BE) as compared to 2014-15 (BE)
 Note: Allocation under Supplementary Budgets, wherever introduced, for the schemes have been included.
 PMKSY/Neeranchal for Chhattisgarh, Madhya Pradesh and Odisha; for other states, it is only PMKSY. Data for PMKSY/Neeranchal for Andhra Pradesh, Tamil Nadu and Telangana not available.
 Source: Demand for Grants 2015-16 of various states.



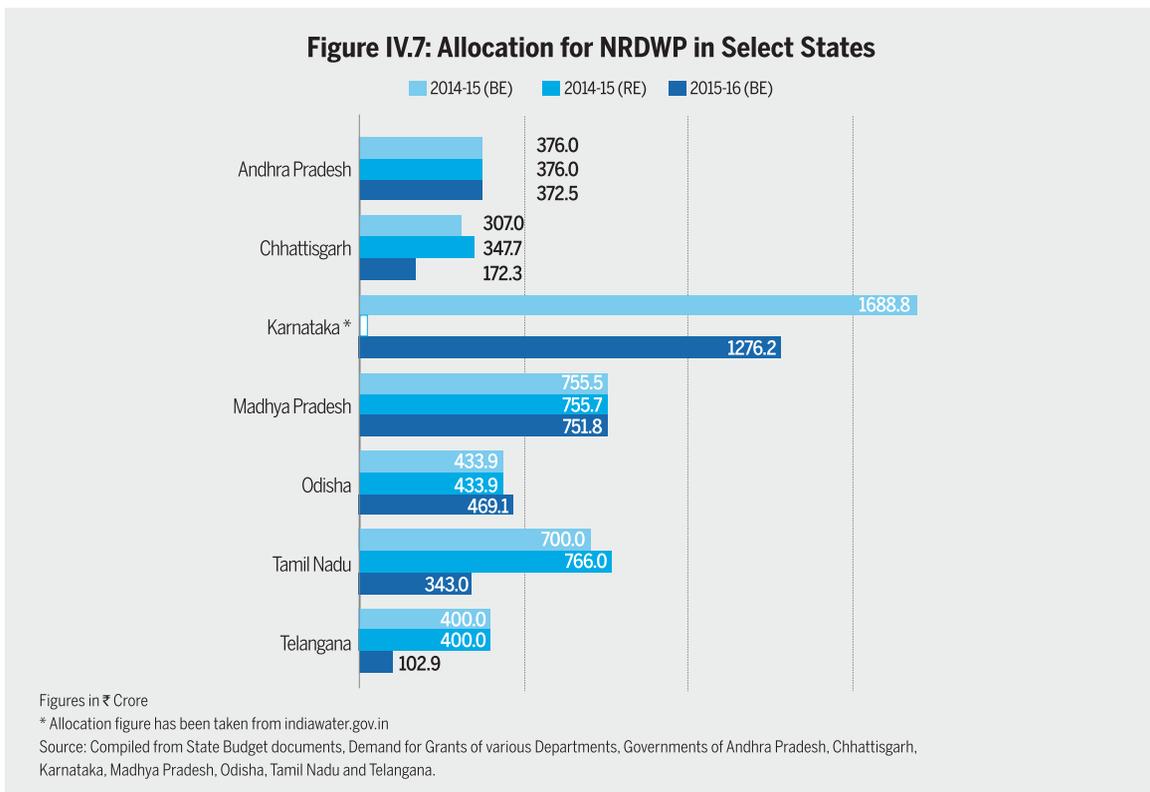
The total allocation for rural water in 2015-16 (BE) amongst all the study states is the highest for Telangana²¹ and the lowest for Tamil Nadu (Fig IV.5). But, Odisha has increased its share for rural water substantially i.e. 85.2 percent as compared to 2014-15 (BE). Andhra Pradesh has decreased its share for rural and urban water, both. Madhya Pradesh has increased its rural water share by 3.7 percent from previous year but decreased its share for urban water by 15.4 percent.



²¹ The increase in allocation could be due to the huge investment for the Water Grid scheme in the state.

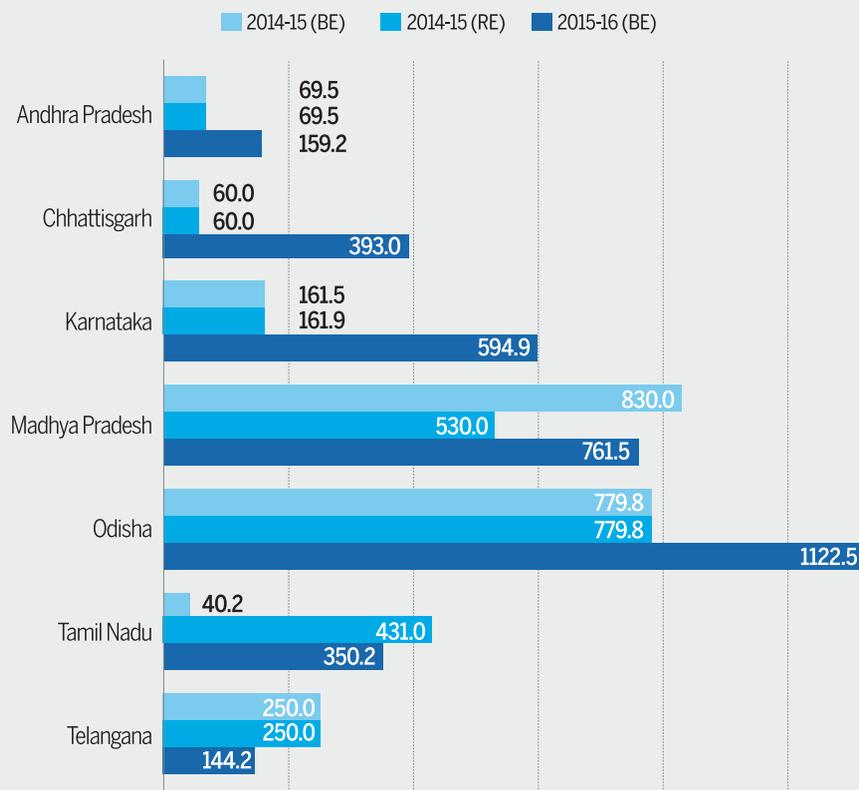
Almost all states have significantly increased their allocations for rural sanitation with Karnataka having the highest allocation followed by Odisha and Telangana which has the lowest. In urban sanitation, except for Odisha, all the states have increased allocations for urban sanitation in 2015-16 (BE) as compared to 2014-15 (RE). The state having the highest allocation for urban sanitation is Odisha followed by Madhya Pradesh while Andhra Pradesh has the lowest allocation in 2015-16 (BE). (Fig IV.6)

Regarding NRDWP, allocations in all the six States have shown a decline from 2014-15 (RE) to 2015-16 (BE) except for Odisha. Although allocations have declined in all the states, but Karnataka has the highest allocation for NRDWP. Odisha, MP and Andhra Pradesh have maintained the allocations almost at similar levels since last year's revised estimates. Telangana, on the other hand has clearly allocated less for rural water in 2015-16 (BE). Tamil Nadu and Chhattisgarh have halved their allocations for NRDWP in the current year. (Fig IV.7)



The allocation for SBA (R&U) in all the states has shown an overall increase in 2015-16 (Fig IV.8). Odisha has received the highest allocation of Rs. 1122.5 crores in 2015-16. Similarly, other states such as Chhattisgarh, Andhra Pradesh and Karnataka have shown a significant jump in allocations from 2014-15 (RE) to 2015-16 (BE). Andhra Pradesh and Telangana have received significantly lesser allocations for SBA compared to the other study states.

Figure IV.8: Allocation for SBA (R & U) in Select States



Figures in ₹ Crore

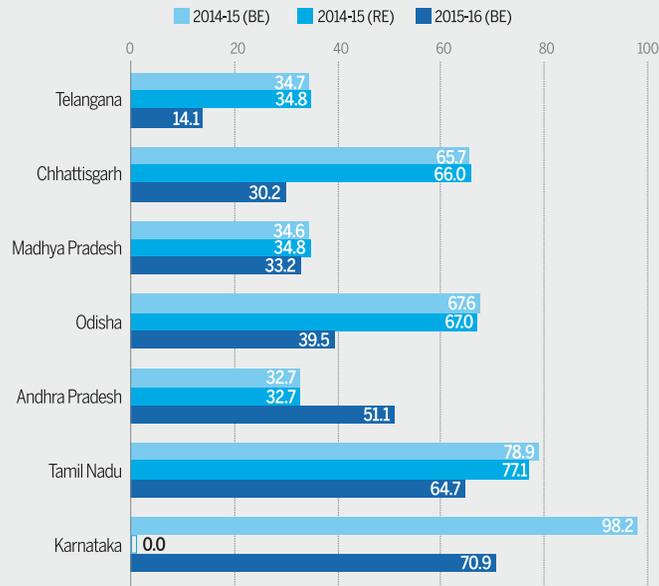
Source: Compiled from State Budget documents, Demand for Grants of various Departments, Governments of Andhra Pradesh, Chhattisgarh, Karnataka, Madhya Pradesh, Odisha, Tamil Nadu and Telangana.

(The Tamil Nadu government reported the fund flow from the Union government as outside the State treasury until 2014-15 (BE). This is reflected in the low allocation under SBA in TN for the year. It has changed its reporting in 2014-15 (RE), which is evident from the increase in allocation.)

The total share of NRDWP as percentage of total allocation for rural water has been found to decline in all states except Andhra Pradesh since last year (Fig IV.9). It is noteworthy that Tamil Nadu, Andhra Pradesh and Karnataka have more than 50 percent of total allocations in rural water for NRDWP. However, the other states have got significantly less share of NRDWP allocation when compared to overall allocation for rural water.

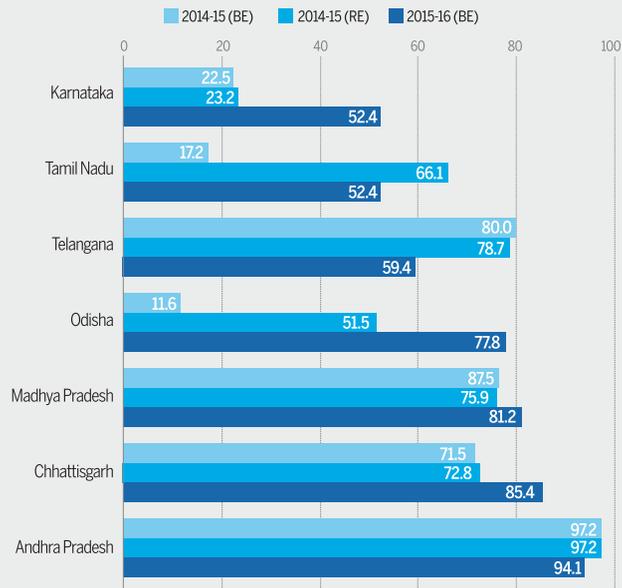
As seen in Fig IV.10, the total share of SBA as percentage of total allocation for sanitation has been more than 50 percent in all the states. It seems that Andhra Pradesh does not have any major state scheme dedicated for sanitation in rural and urban areas, whereas Telangana, Karnataka and Tamil Nadu do have. Odisha, Madhya Pradesh and Chhattisgarh have smaller state schemes (plan) for sanitation as almost 80 percent share of allocation is for SBA (R&U).

Figure IV.9: Total Share of NRDWP as percentage of Total Allocation for Rural Water



Figures in percent
 States arranged in ascending order of 2015-16 (BE) figure.
 Source: Compiled from State Budget documents, Demand for Grants of various Departments, Governments of Andhra Pradesh, Chhattisgarh, Karnataka, Madhya Pradesh, Odisha, Tamil Nadu and Telangana.

Figure IV.10: Total Share of SBA (R & U) as percentage of Total Allocation for Sanitation (R&U)



Figures in percent
 States arranged in ascending order of 2015-16 (BE) figure.
 Source: Compiled from State Budget documents, Demand for Grants of various Departments, Governments of Andhra Pradesh, Chhattisgarh, Karnataka, Madhya Pradesh, Odisha, Tamil Nadu and Telangana.

V. Concluding Remarks

Drawing on the observations, analysis and evidences from the study, one can conclude that sanitation has got increased attention since the launch of the SBM in October 2014. However, the diversion of focus from water towards sanitation, comes at the cost of cutting down allocations in rural water or 'adjusting' funds from one scheme to the other (as observed in Section IV). This is a cause of concern at a time when six of the seven study states have been declared drought affected.²² Further, states are found to be increasingly switching from ground water sources to surface water sources. Ideally both water and sanitation need equal importance in terms of provisioning and policy efforts.

Recommendations

- Most of the states have put forth ambitious targets for SBM as well as earlier timelines for its completion which are prior to 2019 (2019 is the target year for SBM goals to be met). This could be done so that incomplete activities would be completed and the states do manage to meet their targets by 2019. Government officials have suggested that for the SBM to have long term impact, it should be extended beyond five years.
- As observed in the study, most states have been supplementing the amount of Rs. 4,000 for IHHL construction in SBM (U) ranging from Rs 11,000 to Rs 16,000. Taking into consideration that material costs in urban areas are higher than rural areas, it is suggested that the Centre increases the unit cost of Rs. 4000 in SBM (U) so as to build better quality toilets.
- The NRDWP fund flow mechanism is similar in most of the states but different in Andhra Pradesh. The important feature since 2015-15 is that the fund is transferred to the State Treasury rather than to the SWSM like in previous years. This change in the routing of funds was done to ensure that the allocation is reflected in state accounts. This practice is a welcome step; however, there are fears that the State government should not become too authoritative in its approach consequently diminishing the role of the local governments (the third tier) and undermining the 'principle of subsidiarity'.
- For rural water, there is devolution of 'funds, functions and functionaries' to Gps. However, the study showed that this was not the case in Andhra Pradesh where the PRED department had the functions but not the authority to manage the funds (Refer to Section III). Hence funds, functions and functionaries need to be more clearly devolved; PRI's and ULBs should have more autonomy.
- Evidence from the study, both at the primary and secondary level, has shown that allocations for rural water have declined. Increasing allocations for rural drinking water should be taken up on a priority basis.
- Water quality, in general, is not adequately addressed in NRDWP. Furthermore, whatever little focus is there, it is on fluoride and arsenic. State government officials have stated that other water quality contaminants need to be factored into the guidelines of NRDWP with dedicated funding.

²² Nearly half of India's districts drought-hit as crisis accelerates', Samar Halarnkar, Hindustan Times, Dec 3rd, 2015. Refer to Link: <http://www.hindustantimes.com/analysis/as-bharat-succumbs-to-drought-the-centre-seems-otherwise-engaged/story-Mm6HZcSudV9sILNqo1771K.html>. Link accessed on 15th December'15

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Annexure I

List of Officials Met

S. No Designation

Karnataka

- 1 Chief Finance Officer, RWS, PR & RD Department
- 2 SBM In-charge, RWS, PR & RD Department
- 3 Additional Director-SBM RWS, PR & RD Department
- 4 CEO, KUWSDB
- 5 Environment Engineer, Office of DMA

Tamil Nadu

- 6 Director, MA & UD
- 7 Assistant Director, SBM (R), PR & RD Department
- 8 Block Development Officer, PR & RD Department
- 9 WASH Specialist- UNICEF

Telangana

- 10 Director, Hyderabad Metro Water Supply & Sewerage Board
- 11 Principal Secretary- Irrigation, Ex-Principal Secy- MA&UD
- 12 Finance Manager, Telangana Urban Infrastructure Finance Development Corporation (TUIFDC)
- 13 Project Director- World Bank Project
- 14 Executive Engineer- SBM (R), PR & RD Department
- 15 Consultant- UNICEF
- 16 Superintending Engineer, RWS, PR & RD Department

Andhra Pradesh

- 17 Chief Engineer, SBM (U)
- 18 Director, WASSAN
- 19 Consultant, Andhra Pradesh Urban Infrastructure Finance Development Corporation (APUIFDC)
- 20 Executive Engineer, RWS, PR & RD Department

Madhya Pradesh

- 21 WASH Specialist- UNICEF
- 22 Deputy Director- SBM (R), Public Health Engineering Department (PHED)
- 23 Finance Officer, Budget Section, PHED
- 24 Chief Engineer (Design), PHED

- 25 Mission Head, State Programme Office- SBM (R)
- 26 Deputy General Manager, MP Jal Nigam, RWS, PHED
- 27 Director, Samarthan
- 28 Deputy Director- SBM (U), Urban Development & Environment Department
- 29 Assistant Engineer, M.P., UIIP, Urban Development & Environment Department

Chhattisgarh

- 30 Executive Engineer, PHED
- 31 Joint Director (Finance), Budget section, PHED
- 32 OSD, SBM (R) Cell, Panchayat Raj & Rural Development Department
- 33 Executive Engineer, Municipal Administration & Urban Development Department (MA &UD)
- 34 Deputy Chief Executive Officer, SUDA, MA & UD Department

Odisha

- 35 Superintending Engineer, RWS, SWSM, CEO-WSSO, Rural Development Department
- 36 Engineer-in Chief, RWS, Rural Development Department
- 37 Engineer-in Chief, Public Health Department, Housing & Urban Development Department
- 38 Section Officer, Sanitation, Public Health Department, Housing & Urban Development Department
- 39 Chief Engineer, Public Health (Urban) Department, Housing & Urban Development Department

Annexure II

12th Five-Year Plan Recommendations for Water and Sanitation

12th Five-Year Plan Recommendations	
Rural Water	Rural Sanitation
<ul style="list-style-type: none"> - Increased convergence with sanitation. - Social exclusion of SCs, STs and minorities addressed by earmarking of funds for expenditure under the SCSP (22 percent) and the TSP (10 percent). - Provision of 55 lpcd in safe, piped drinking water supply. - By 2017, at least 50 percent of rural population will have access to 40 lpcd piped water within their household premises or within 100 mtrs radius from their households without barriers of social or financial discrimination. - By 2017, at least 35 percent of rural population will have individual household connections. - Convergence between drinking water supply and sanitation will be strengthened taking up villages covered with piped water supply to get ODF status on a priority basis and vice versa. - Participation of beneficiaries, principle of subsidiarity to be followed. - MDWS has devised a Management Devolution Index to track and incentivise more substantive devolution of functions, funds and functionaries to the Gram Panchayats. - Allocation for O&M has been increased to 15 percent from 10 percent. - Drinking water supply schemes will be designed, estimated and implemented to take into account life cycle costs and not just per capita capital costs. - A progressive tariff with different pricing tiers for different uses. - Dedicated funding to be provided to States with quality affected habitations. 	<ul style="list-style-type: none"> - The APL-BPL distinction to be removed when identifying the target group. - Increase the incentive for toilet construction. - Synergise drinking water and sanitation programmes. - Wider range of technology options for toilet construction. - Presence of a dedicated implementation agency at either the State/district or GP level to implement the sanitation scheme. - 50 percent GPs should attain Nirmal Gram status by 2017. - The Nirmal Bharat Abhiyan was envisioned in the 12th Plan and signified a major shift from the erstwhile TSC. - All the components of NBA are to be carried out in the 12th FYP period such as convergence of drinking water and sanitation projects, construction of child friendly toilets, capacity building of teachers, sanitation to be made a part of school curriculum. - Solid and liquid waste management to be taken up in Nirmal Grams on a priority basis. Assistance of Rs. 5 lakh will be additionally available per 1,000 people from the redesigned MGNREGA 2.0.

12th Five-Year Plan Recommendations	
Urban Water	Urban Sanitation
<ul style="list-style-type: none"> - Universalisation of water and sanitation to urban areas. - Hundred percent metering of water supply. - Ensure 24 X 7 water supply. - Address structural dysfunctionalities through reforms mentioned in Box 18.10 of 12th FYP Vol-II. - Service Level Benchmarking. - ULB Level Reforms, Reforms for Metropolitan Areas, State Level Reforms, Incentive Reforms and Conditionalities, Incentive Reforms for Metropolitan areas all have been detailed out. 	<ul style="list-style-type: none"> - The Ministry of Urban Development (MoUD) and the MoHUPA should continue to operationalise the National Urban Sanitation Policy of 2008. These activities would be supported under JNNURM-II. - Reuse treated sewage for Industrial Applications. - MoUD should work with states to explore strategies for Solid Waste Management and storm water drainage. - The Schemes such as JNNURM-II, National Mission on Sustainable Habitat, and scheme for Mechanical Cleaning of Septic Tanks should be launched under the 12th Plan for assisting the States and ULBs to improve service delivery.

Source: Compiled from 12th Five Year Plan, Vol-II, Government of India

Annexure III

Changes in Scheme/Policy Guidelines for Water and Sanitation

Previous Guidelines	New Guidelines (if any and wherever applicable)
Rural Water	
National Rural Drinking Water Programme	National Rural Drinking Water Programme
<ul style="list-style-type: none"> This flagship programme for rural drinking water was launched in 2008 and aimed to cover rural habitations in the country with water supply. The scheme also has a Quality component. Up till 2011, the scheme was under the Ministry of Rural Development which later was handled by the Ministry of Drinking Water and Sanitation. The Centre-State funding pattern for this scheme is in the ratio of 50:50. 	<ul style="list-style-type: none"> The scheme remains the same. The Centre–State funding pattern is now in the ratio of 60:40. Proposals of Rural Drinking Water Supply under <i>Saansad Adarsh Gram Yojana (SAGY)</i> should be given priority. (Letter No. W-11011/26/2015/Water-1, GoI, MDWS dated 4th August 2015) The C&AG has requested the MDWS for vital data regarding Non-functional schemes and reasons for non-completion of schemes for more than 3 years and a detailed justification in respect to projects pending for completion for more than 5 to 10 years on a priority basis. (Letter D.O.No. H-11011/2/2011/Water, GoI, MDWS dated 5th August 2015)
Rural Sanitation	
Nirmal Bharat Abhiyan	Swachh Bharat Mission (Rural)
<ul style="list-style-type: none"> The objectives of the scheme are: <ul style="list-style-type: none"> Bring about an improvement in the general quality of life in the rural areas. Accelerate sanitation coverage in the rural areas to achieve the vision of <i>Nirmal Bharat</i> by 2022 with all GPs in the country attaining <i>Nirmal</i> status. Motivate communities and PRIs promoting sustainable sanitation facilities through awareness creation and health education. 	<ul style="list-style-type: none"> The objectives of the mission are: <ul style="list-style-type: none"> Bring about an improvement in the general quality of life in the rural areas. Accelerate sanitation coverage in rural areas to achieve the vision of <i>Swachh Bharat</i> by 2019 with all GPs in the country attaining <i>Nirmal</i> status. Encourage cost effective and appropriate technologies for ecologically safe and sustainable sanitation.

Previous Guidelines	New Guidelines (if any and wherever applicable)
Rural Sanitation	
<i>Nirmal Bharat Abhiyan</i>	<i>Swachh Bharat Mission (Rural)</i>
<ul style="list-style-type: none"> - To cover remaining schools not covered under SSA and <i>Anganwadi</i> centres in rural areas with proper sanitation facilities and undertake proactive promotion of hygiene education and sanitary habits among students. - Encourage cost effective and appropriate technologies for ecologically safe and sustainable sanitation. - Develop community managed environmental sanitation systems focusing on solid and liquid waste management for overall cleanliness in rural areas. • This scheme was started in 2012 with the funding pattern ranging from 80:20, 70:30 and 60:30:10 for GoI-State-Beneficiary contribution on different components of the scheme. 	<ul style="list-style-type: none"> - Motivate communities and Panchayati Raj Institutions promoting sustainable sanitation facilities through awareness creation and health education. - Develop community managed environmental sanitation systems focusing on solid and liquid waste management for overall cleanliness in the rural areas. • The Centre-State fund sharing pattern is in the ratio of 75:25 Now, this has changed to 60:40. • Constitution of a Sub-Group of Chief Ministers on <i>Swachh Bharat Abhiyan</i> by NITI Aayog in March 2015. The CM of Andhra Pradesh is the Convener of the Group. The Member States of the Group are: Bihar, Delhi, Haryana, Karnataka, Maharashtra, Mizoram, Sikkim, West Bengal, Uttarakhand. The CEO of NITI Aayog would be the Coordinator. • The Sub-Group in one of their meetings has called for increased Central funding for SBA in the ratio of 90:10 Centre-State sharing.²³ <p>School Toilets</p> <ul style="list-style-type: none"> • The <i>Swachh Vidyalaya</i> initiative was launched in 14th August, 2014. The Ministry of Human Resource Development has been entrusted to construct school toilets under this initiative. • The corporate sector, PSU's have been roped in to construct school toilets under their CSR programme.

²³ Link:<http://www.dnaindia.com/india/report-niti-ayog-s-swachh-bharat-sub-group-likely-to-submit-report-by-august-15-2098545> Accessed on 30th August'15

Previous Guidelines	New Guidelines (if any and wherever applicable)
Urban Water	
Jawaharlal Nehru National Urban Mission (JNNURM)	Atal Mission for Rejuvenation and Urban Transformation (AMRUT)
<ul style="list-style-type: none"> Under the JNNURM, the UIDSSMT, BSUP and RAY all had some components of water and sanitation in it. However, there was no specific CSS for urban water. 	<ul style="list-style-type: none"> Another nomenclature for JNNURM. The purpose of AMRUT is to ensure that every household has access to a tap with assured supply of water and a sewerage connection amongst provision of other urban amenities such as parks and roads. Indicators and standards for these have been prescribed by MoUD in the form of Service Level Benchmarks. States are made equal partners in planning and implementation of projects through the approval of State Annual Action Plans annually by the MoUD and States giving project sanctions and approval at their end. Rs. 50,000 crores have been earmarked for 500 AMRUT cities.
Urban Sanitation	
Jawaharlal Nehru National Urban Mission (JNNURM)	Swachh Bharat Mission (Urban)
<ul style="list-style-type: none"> Under the JNNURM, the UIDSSMT, BSUP and RAY all had some components of water and sanitation in it. However, there was no specific scheme on sanitation. 	<ul style="list-style-type: none"> The programme includes elimination of open defecation, conversion of insanitary toilets to pour flush toilets, eradication of manual scavenging, municipal solid waste management, bringing about a behavioral change in people regarding healthy sanitation practices, generating awareness among citizens about sanitation and its linkages with public health, strengthening of urban local bodies to design, execute and operate systems to fulfill these objectives and creating an enabling environment for private sector participation in capital expenditure and operational expenditure.

Previous Guidelines	New Guidelines (if any and wherever applicable)
Urban Sanitation	
	<p style="text-align: center;">Swachh Bharat Mission (Urban)</p> <ul style="list-style-type: none"> • It consists of providing individual household toilets, community and public toilets and municipal solid waste management in all 4,041 statutory towns. • The Ministry of Urban Development would be the implementing the SBM (Urban) • The funding pattern between Centre and State/ ULBs is 75:25 (90:10 for NE and Special category states). The gap in financing could be met by the beneficiary contribution, private funding, and funds with private companies under Corporate Social Responsibility (CSR) and the <i>Swachh Bharat Kosh</i> of the Ministry of Finance.
ILCS Revised 2008	ILCS Revised 2008
<ul style="list-style-type: none"> • This scheme is implemented by the Ministry of Housing & Urban Poverty Alleviation. • The objective of the Scheme is to convert/ construct low cost sanitation units through sanitary two pit pour flush latrines with superstructures and appropriate variations to suit local conditions (area specific latrines) and construct new latrines where EWS household have no latrines and follow the in-human practice of defecating in the open in urban areas. This would improve overall sanitation in the towns. • The Scheme is limited to EWS households only. • The funding pattern is: Central Subsidy 75%, State Subsidy 15% and beneficiary share 10% 	<ul style="list-style-type: none"> • The scheme remains the same <p>School Toilets</p> <ul style="list-style-type: none"> • The <i>Swachh Vidyalaya</i> initiative was launched in 14th August, 2014. The Ministry of Human Resource Development has been entrusted to construct school toilets under this initiative. • The corporate sector, PSU's have been roped in to construct school toilets under their CSR programme.

Source: Compiled from Guidelines of NRDWP, NBA, SBM (Rural & Urban), Reports of the 14th Finance Commission, 12th Five Year Plan Vol- II, NITI Aayog

Annexure IV

List of Schemes in Water Resources from Select States

States	Department	Schemes
Karnataka	Agriculture	Karnataka Watershed Development Project II (<i>Sujala-III</i>), Directorate-Watershed Development, <i>Jalasiri, Sujala</i> Watershed Project III, IWMP, Karnataka Watershed Training Centre, PMKSY
Tamil Nadu	Agriculture; Planning, Development and Special Initiatives	Improvement of Water Supply Drainage & Road Works under Hill Areas Development Programme (HADP), Implementation of Watershed Project under Watershed Development Fund (WDF); CAD and Water Management Programme (CAD &WMP)- <i>Vaigai, Anicut</i> , etc; Rain Water Harvesting under Rural Infrastructure Development Fund of NABARD, IWMP
Andhra Pradesh	Rural Development	Water Conservation Mission, AP Water Vision, Assistant to District Water Management Agencies, IWMP (Normal, TSP & SCSP), Watershed Works [under DRY LAND DEVE Programme.], <i>Navyandhra Jala Prabha</i> [under DRY LAND DEVE Prog.]
Telangana	Rural Development	Water Conservation Mission, Telangana Water Vision, <i>Indira Jala Prabha</i> , IWMP
Madhya Pradesh	Rural Development	Watershed Program, Improvement of Ponds, PMKSY, IWMP
Chhattisgarh	PR&RD; Water Resources; Agriculture; Forest & Wildlife	IWMP, <i>Neeranchal</i> Project, PMKSY, Groundwater and water conservation work, Groundwater enhancement
Odisha	Agriculture	Watershed Management Unit, Watershed Development Programme, IWMP, Operational Cost for IWMP, <i>Neeranchal</i> , PMKSY

Source: Demand for Grants, Various Departments, 2014-15 to 2015-16, select states

