Tracking Fund Utilisation in National Rural Drinking Water Programme and Nirmal Bharat Abhiyan

A Study on Sehore District of Madhya Pradesh

2013

WaterAid

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Abstract

This paper focuses on fund utilisation in the National Rural Drinking Water Programme (NRDWP) and *Nirmal Bharat Abhiyan* (NBA), the rural drinking water and sanitation programmes of the Union Government of India, in *Sehore* district, Madhya Pradesh. Following the new National Rural Drinking Water Programme (NRDWP) guidelines (2011), which advocate for 24×7 drinking water security through piped water supply in rural habitations, public investment on this, has been increased to some extent. However, the study suggests that there are huge gaps between the resources needed and those available, at the level of the selected district. The fund allocated reaches the district, block and village level very late in the financial year, which leads to inefficient utilisation of funds. Besides, the Government apparatus lacks adequate human resources to utilise the funds effectively.

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Abbreviations

ARWSP: Accelerated Rural Water Supply Programme

BRC: Block Resource Centre

CRSP: Central Rural Sanitation Programme

CSS: Centrally Sponsored Schemes

DWSM: District Water and Sanitation Mission

FRBM: Fiscal Responsibility and Budget Management

FYP: Five Year Plan

GP: Gram Panchayat

IEC: Information Education and Communication

IMIS: Integrated Management Information System

LPCD: Liter Per Capita per Day

MDWS: Ministry of Drinking Water and Sanitation

NBA: Nirmal Bharat Abhiyan

NRDWP: National Rural Drinking Water Programme

NREGS: National Rural Employment Guarantee Scheme

O & M: Operation and Maintenance

OD: Open Defecation

ODF: Open Defecation Free

PC: Partially Covered

PHED: Public Health Engineering Department

PWS: Piped Water Supply

RGNDWM: Rajiv Gandhi National Drinking Water Mission

TSC: Total Sanitation Campaign

UC: Utilisation Certificate

VWSC: Village Water and Sanitation Committee

SECTION 1

Rationale for Tracking Fund Utilisation

The study of Government budgets has evolved as a useful analytical tool for assessing the priorities accorded to different sectors in public expenditure by the Union and State Governments in India. With regard to social sectors (like education, health, water supply and sanitation etc.), while the analysis of budgets can reveal the priorities accorded to these sectors in public expenditure in the country, assessment of budgetary processes can generate significant insights about the factors that constrain effective utilisation of funds in social sector programmes. Such assessment is particularly important with respect to the backward states[1] in India, as many of these states have shown relatively low fund absorption capacity in recent years, especially in the centrally sponsored schemes. Besides, the quality of their public expenditure in social sectors has been far from satisfactory. The outlays to outcomes approach put forward by the Planning Commission and Central Government's Ministry of Finance (for Outcome Budgeting by Central and State Governments since 2005-06) serves as a useful starting point in this regard.[2] Also, the framework for analysing budgetary processes needs to take into account the fiscal architecture of the country and its intricate fiscal processes.

The Finance Minister, in his foreword to the outcome budget, says that converting *outlays into outcomes* is a complex process, which differs from Ministry to Ministry and programme to programme. Some of the important steps in this conversion process are as follows:

- Defining outcomes in measurable and monitorable terms; intermediate outputs should also be defined wherever required
- Standardizing unit cost of delivery
- Benchmarking the standards/quality of outcomes and services
- Capacity building for requisite efficiency at all levels, in terms of equipment, technology, knowledge and skills
- Ensuring flow of right amount of money at the right time to the right level,

[1] To define the underdevelopment index of states, ten sub-components has been used by Raghuram Rajan "Committee for evolving a Composite Development Index of States". Those were: a) monthly per capita consumption expenditure; b) education; c) health; d) household amenities; e) poverty rate; f) female literacy; g) per cent of SC-ST population; h) urbanization rate; i) financial inclusion; j) connectivity.

[2] Today, the Planning Commission has been replaced by National Institute for Transforming India (NITI) Aayog. The Aayog has an objective to evolve the shared vision of national development priorities, sectors and strategies with the active involvement of states in the light of national objectives. It argued for co-operative federalism through commitment. NITI Aayog has decided to set-up a working group under Aayog CEO Sindhushree Khullar to prepare a draft report on the suggestions made by various CMs. The impact of NITI Aayog on the CSS is yet to be gauged.

- Effective monitoring and evaluation systems
- Involvement of the community/target groups/recipients of the service, with easy access and feedback systems

Through Outcome Budgeting this, the Government is expected to bring about effective delivery systems with appropriate structures and processes, strengthened financial management systems, increased use of information technology and meaningful involvement of all the Ministries, State Governments, Local Bodies, Panchayat Raj Institutions, Self Help Groups etc., in critical decision making and thereafter in the implementation process. But with information on outlays/ expenditures alone, it is not possible to find out why the outputs/ services delivered through Government programmes are not improving noticeably or why the outcomes in a certain sector or for a certain community, continue to be poor. In this context, we need to pay attention not only to the outlays provided in the budgets for a particular sector, but also the final expenditures, the outputs/ services delivered after incurring public expenditure, and the development outcomes in that sector. Such an approach would require us to examine the intermediate steps, i.e. to find out the possible bottlenecks in the institutions and processes relating to implementation of Government programmes, the quality of outputs/ public services delivered through such programmes, and the usage of such outputs/ public services by the intended beneficiary communities.

Independent studies have shown that pro-people schemes sponsored by Union and State Governments fail due to systemic weaknesses. Budgeting for Change Series (2011) by Centre for Budget and Governance Accountability and UNICEF'sstudy of Total Sanitation Campaign (TSC) in Lalitpur and Rajnandgaon districts of Uttar Pradesh and Chhattisgarh has found that the states are unable to expedite spending in Government schemes. The study has identified three factors responsible for underutilisation of the allocated funds. The first set of factors concern bottlenecks in budgetary processes in the schemes such as delay in the flow of funds; delays in sending sanction orders for spending; centralization in decision making within states with low delegation of financial powers to the district and sub-district level authorities; uniformity of norms of Centrally Sponsored Schemes (CSS) for all states; and incomprehensibility of guidelines of some of the CSSs. The second set of factors are related to the weaknesses in decentralized planning and the third set of factors are related to the systemic weaknesses in the Government apparatus in the states, particularly in the backward states. Achin Chakraborty, Subrata Mukherjee, Subhanil Banerjee (2007) argued that a mismatch between the design and actual implementation of a scheme/programme, expenditure usually in the last quarter of the financial year, limited capacity of local administration, and a lack of awareness among the community are some of the bottlenecks in implementation of schemes. National Institute of Administrative Research (2003) showed that

there are both, constraints on the availability of information, as well as, discrepancies in the data secured at the intermediate level (sub national level) as compared to the central level. This has also been recognized by the Report of Standing Committee on Rural Development (2012-13).Aparajita Das (2012), looking at the timing of release of funds from a political perspective, notes that the cumulative utilisation under the MP-LADS funds by politicians is an impressive 89 percent, though majority of funds were released and utilized only towards the end of their tenures, to be able to garner votes in the approaching elections. AnNIPFP (2011) study argues that three factors – conditionality, transfer mechanism and timing of transfer – play a vital role in the utilisation of allocated funds. It is important to understand that though the timely release of funds from Union and state to the district is something to be appreciated, but it is thestartingstep in the fund flow cycle.

Having appropriate Acts and guidelines, and ratifying pro-people international agreements are important steps in the process of meeting the set objectives of a particular programme, but a sincere attempt to implement theseis the real measure of the Government's commitment. It is in this context that an examination of the allocations, release and expenditure of funds; their adequacy and non-diversion becomes significant. Such examination also reveals the soundness or otherwise of a system (*weak/strong*) for implementing a particular programme/scheme. However, in order to get the complete picture of a Government intervention for a given sector/ sub-sector, we need to look at not only the resources provided in the budgets, but also the different stages of programme implementation and actual delivery of public services. Following this approach, the present study focuses on different aspects offund utilisation under the National Rural Drinking Water Programme (NRDWP) and Nirmal Bharat Abhiyan (NBA).

SECTION 2

National Rural Drinking Water Programme and Nirmal Bharat Abhiyan

NRDWP and NBA are funded by the Union Government have been designed taking the district and PRI as the main unit of planning and implementation. Between the1st Five Year Plan (FYP) and the end of 11th FYP, the Government has spent approximately 1,45,000 crore on rural drinking water through various programs despite water being a state subject. The first major intervention by the Central Government was Accelerated Rural Water Supply Programme (ARWSP) in 1972-73 to support states and UTs with financial and technical assistance to implement drinking water supply schemes in 'problem villages'. In 1986, a Technology Mission with stress on water quality, appropriate technology intervention, human resource development support and other related activities were introduced. This was renamed as the Rajiv Gandhi National Drinking Water Mission (RGNDWM) in 1991. In 1999-2000, Sector Reform Projects was evolved to involve the community in planning, implementation and management of drinking water related schemes. In 2002, this was scaled up as the Swajaldhara programme. From 2009 onward it was rechristened as National Rural Drinking Water Programme (NRDWP).

These schemes have been modified under Swachh Bharat Mission (SBM) by the new Government in 2014. SBM is a combination of drinking water supply and sanitation and aims to achieve safe water supply and open defecation free status for both urban and rural India by 2019, which will mark the 150th birth anniversary of Mahatma Gandhi. The Government of India launched SBM on October 2, 2014 with two sub-missions i.e. SBM (Gramin) and SBM (urban). Budgetary provisions for the two sub-missions would be provided separately in the demand for Grant of the Ministries of Drinking Water and Sanitation (for Gramin) and Ministry of Urban Development (for Urban). Two other ministries – Ministry of Women and Child Development and Department of School Education and Literacy would be responsible for the construction of Anganwadi and school toilets. SBM has set the target of constructing 11.11crore Individual Household Latrine (IHHL), 0.56 lakh school toilets, 1.07 lakh Anganwadi toilets and 1.14 lakh Community Sanitary Complexes (CSC) by 2019.

Coming now to the NRDWP, Table 1 shows the fund sharing pattern between Centre and states under NRDWP.

Table 1: Fund Sharing between Centre and States under NRDWP

S. No.	Component of NRDWP	Share percentage	
		Centre	State
1.	Coverage to uncovered, partially covered & Slipped habitation (47 % of allocation)	50	50
2.	Water Quality (20 % of allocation)	50	50
3.	O & M (15 % of allocation)	50	50
4.	Sustainability of Water Resources (10 % of allocation)	100	0
5.	Support Activities (5 % of allocation)	100	0
6.	Water Quality Monitoring & Surveillance (3 % of allocation)	100	0

Source: NRDWP guideline 2012.
Note: Component share renewed as per modification by MoDWS on July 17, 2012. For North-Eastern states cost sharing for component 1-3 is on 90:10 ratios.

The NRDWP has been the vehicle through which the rural water supply component of Bharat Nirman had been implemented since 2005-06. Access to safe drinking water and improved sanitation facilities have been recognised widely as co-determinants of health. Recent research shows a close relationship between the access to toilet and a child's health. It is found that Indian children are shorter than children living in Africa, even though people are poorer, on an average, in Africa. This surprising fact has been called the "Asian enigma." The enigma is not resolved by genetic differences between the Indian population and others. One answer that researchers have explored in a recent paper is widespread open defecation. "Faeces contain germs that, when released into the environment, make their way onto children's fingers and feet, into their food and water, and wherever flies take them. Exposure to these germs not only gives children diarrhea, but over the long term, also can cause changes in the tissues of their intestines that prevent the absorption and use of nutrients in food, even when the child does not seem sick."[3] However, rural sanitation did not feature on the investment horizon during the first five plan periods as reflected in its negligible funding share. But, it received prominence from the Sixth Plan (1980-85) onwards amid the launch of the International Drinking Water Supply and Sanitation Decade in 1980. In 1986, the Rural Development Department initiated India's first national programme on rural sanitation, the Central Rural Sanitation Programme (CRSP). The CRSP interpreted sanitation as construction of household toilets and focused on the promotion of pour-flush toilets through hardware subsidies to generate demand.

[3] Dean Spears, The Hindu, 14th March, 2013.

The limited understanding behind the CRSP proved inadequate to deal with rural sanitation problems. Hence, the Government of India restructured the programme, leading to the launch of the Total Sanitation Campaign (TSC) in the year 1999. In 2012-13, the TSC got renamed as "Nirmal Bharat Abhiyan" (NBA) with the objective to accelerate the sanitation coverage in the rural areas so as to comprehensively cover the rural community through renewed strategies and saturation approach. NBA envisages covering the entire community for saturated outcomes with a view to create Nirmal Gram Panchayats. Table 2 shows the financial responsibility of Centre and states under the NBA.

Table 2: Fund Sharing under NBA between Centre and State

S. No.	Component of NBA	Share percentage	
		Centre	State
1.	Startup Activities: a) Preliminary Survey to access the sanitation status; b) Base-line survey; c) Orientation of personnel at District/GP levels; d) Making of State Plan	Upto 10 lakhs from IEC funds	Beyond that state has to contribute
2.	IEC (allocation for this item is 15% of total project allocation)	80	20
3.	Capacity Building (2% of IEC allocation)	80	20
4.	Construction of IHHL A) BPL & identified APL of SC/ST, women headed family, handicapped, small &marginal farmers and landless laborers B) 4600 INR (5100 to hilly areas) C) 900 INR by beneficiary in form of labour or cash	3200 (for hilly areas 3700)	1400
5.	Revolving Fund (RF) in the District: a) 5% of District Project Outlay which should be upto 50 Lakhs used as RF. b) It can access by APL families who are not receiving any benefits. It can be given to SHG or Co-operatives.	80	20
6.	Rural Sanitary Mart and Production Centres	Up to 3.5 lakhs from RF used to establish RSM/PC.	-

7.	Community Sanitary Complex: a) The maximum cost could be 2 lakhs		60	30 + (10 % added by community)
8.	Institutional Toilets:	Schools (35,000 INR maximum cost of a unit; for hilly areas it is 38,500 INR	70	30
		Aganwadi: Total unit cost could be 8000 INR (for hilly areas 10,000 INR)	5600 (7000 for Hilly Areas)	Rest by state
9.	Solid & Liquid Waste Management	-	70	30
10.	Maintenance of created by NBA	-	-	-

Source: NBA Guideline, 2010.

During 11th FYP, it was expected that the total outlays for rural water supply and sanitation would be around Rs. 1, 00,000 crore. But, the actual expenditure on water supply was Rs. 90,000 crore (approx.) whereas total outlays for TSC, later Nirman Bharat Abhiyan (NBA), was 6690 crore[4].

The 11th FYP allocation was made to achieve the goals given below:

- Provide *clean drinking water* for all by 2009 and ensure that there are no slip backs by the end of the 11th Plan.
- Provide *100 percent coverage of water supply to rural schools.*
- Complete 7.29 crore individual toilets for achieving universal sanitation coverage in rural areas.

At the end of the Plan period (2007-12), it was found that the physical achievements fell far short of the set goals despite the yearly increments in allocations for this sector, even though modest. Table 3 shows the total Union Government allocations under NRDWP and NBA for various years.

[4] Since 1999 to September 2011, the TSC utilized Rs. 10178.9 crore out of total released amount of Rs.12977.2 crore.

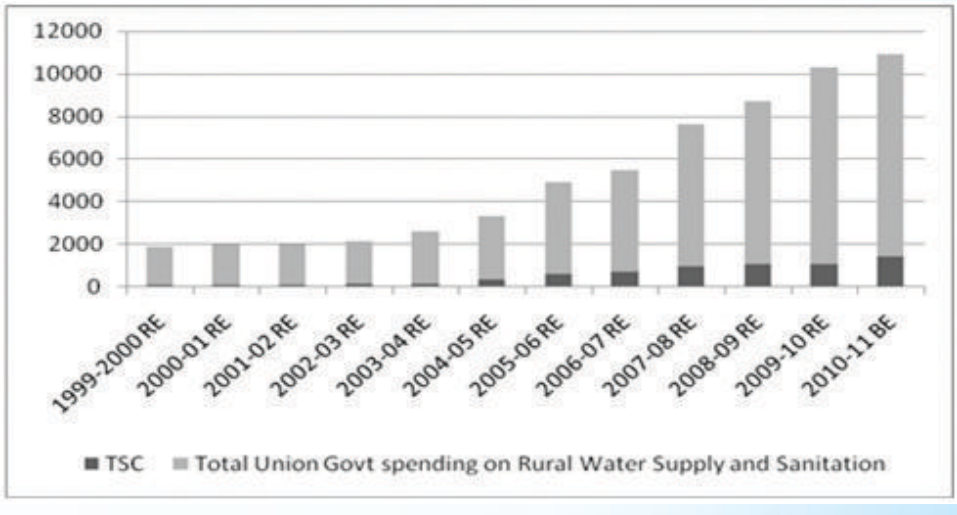
Table 3: Union Budget Outlays for Rural Water and Sanitation (In Rs. crore)

Year	Outlays for Rural Water	Outlays for Rural Sanitation	Total Outlays for Rural Water and Sanitation
2005-06 (RE)	4,060	700	4,760
2006-07 (RE)	4,560	740	5,300
2007-08 (RE)	6,400	1,060	7,460
2008-09 (RE)	7,300	1,200	8,500
2009-10 (RE)	7,999	1,200	9,199
2010-11 (RE)	9,000	1,580	10,580
2011-12 (RE)	8,500	1,500	10,000
2012-13 (RE)	10,500	2,500	13,000
2013-14 (BE)	11,000	4,260	15,260

Source: Expenditure Vol. 2, Union Budget, Govt. of India, Various Years; and rural.nic.in
Note: Figures include the *Lumpsum provision for NER and Sikkim.*

Table 3 also shows the low priority to the TSC/NBAeach year asreflectedinits share out of the total allocation to Rural Water Supply and Sanitation at the Union level.

Figure 1: Share of Total Sanitation Campaign in total Union Government Spending on Rural Water Supply and Sanitation



Source: Expenditure Budget Volume II, Union Budget documents, various years.

The low magnitude of allocations to the water and sanitation schemes over the years has proved to be a let down to the overall sector. In fact, recognising this problem, the former Minister for Drinking Water and Sanitation, Mr. Jairam Ramesh acknowledged, as reported in *The Hindu* June 14, 2012, that the Total Sanitation Campaign had become a 'Token Sanitation Campaign'. According to the Census 2011, merely 43.5 percent of the country's population gets tap water supply (of this, 30.8 percent is in rural areas and 70.6 percent in urban areas). A total of 11 percent receive well water (coverage of rural areas by this is 13.3 percent and of urban areas is 6.2 percent); 42 percent receive water from either handpumps or tubewells (51.9 percent of these fall in rural areas and 20.8 percent in urban areas); and 3.5 percent of people receive water from other sources (4 percent of rural population and 2.5 percent of urban population) at all India level. With regard to sanitation, a huge 53.1 percent of households have no access to latrine facilities and hence defecate in the open. The situation is worse in rural India, where69.3 percent of the households defecate in the open. The 2012 progress report on Drinking Water and Sanitation, by UNICEF and WHO, estimates that India houses nearly 60 percent of the global population that defecates in open.

Acknowledging the magnitude of the problem, the Ministry of Rural Development has drafted a strategic plan for a span often years which coincides with the period of two five year plans between 2012-22. There are three goals to achieve under this. These are[5]:

a) Creation of Totally Sanitised Environments by 2017: in order to put an end to the practice of open defecation and for achievement of a clean environment where human fecal waste is safely contained and disposed.

b) Adoption of Improved Hygiene Practices by 2020: in order to ensure that all people in the rural areas, especially children and care givers, adopt safe hygiene practices during all times.

c) Solid and Liquid Waste Management by 2022: to provide effective management of solid and liquid waste such that the village environment is kept clean at all times.

The 12th FYP document identified specific challenges that obstructed smooth operation of water and sanitation schemes as witnessed during the previous Plan period. Degrading water level, biological and chemical contamination, lack of convergence with other relevant departments and lack of people's participation starting from planning of project are some of the major bottlenecks in the success of water and sanitation schemes. Thus, the12th FYP envisages major steps to tackle the issues confronting the sector. It accepted the recommendations made by the Working Group on Rural Domestic Water and Sanitation. Accordingly, the Village Water and Sanitation Committee would look after the operation and

[5] Towards Nirmal Bharat – Rural Sanitation and Hygiene Strategy, 2012-22, Department of Drinking Water and Sanitation, Ministry of Rural Development, 2011.

maintenance (O&M) of not less than 60 percent of rural drinking water sources/ systems. For this, suitable mechanisms would be devised under the guidance and assistance of the Block Resource Centre (BRC), the District Water and Sanitation Mission (DWSM) and the State Resource Centre (SRC), and revenue mobilized through user charges to cover at least half of the O&M cost.'

Methodology:

In its analysis of the Water Supply and Sanitation Schemes, the study relies on both secondary and primary information and the perceptions of relevant Government officials, planning officials and audit officials. These officials/staffs were from state, district, blocks and gram panchayat level. The data collected has been qualitative in nature. The district of *Sehore* in Madhya Pradesh has been taken asa sample district. There were two important factors for this selection. First, Budhni block under the sample district is the constituency of the present chief minister of Madhya Pradesh. A hypothesis was made by the study team that since the district received better funding and had least systemic weaknesses and bottlenecks, the study would check the parameters which could make these schemes a success. Also, it would point out weaknesses, if any. Second, the presence of CSOs working on various issues at the level of PRI in the district would provide the study team a diverse section of population to engage with on an immediate basis. Apart from the lead researcher, two research assistants were part of the study. Out of four blocks in the district, one village from each of the three blocks i.e. Sehore, Nasrullahganj and Budhni were selected. The study was conducted over a period of eight months with field visits at regular intervals. The study team collected and analysed four different kinds of information which has been given below:

1. Data on budgeted outlays, funds released and expenditure reported during the last two financial years for the district of *Sehore* with respect to Water Supply and Sanitation
2. Factual evidences on the major constraints in effective utilisation of funds with respect to Water Supply and Sanitation
3. Perceptions of relevant Government officials about the major constraints in effective utilisation of funds
4. Perceptions of implementing agency, in this case the Panchayati Raj Institution (PRI) and related actors, about the constraints relating to flow of funds and their quality utilisation.

However, there were some weaknesses inherent in the methodology of study. Selection of better performing districts and timeframe were some of the major limitations of the study, as immediately after the completion of the study, NRDWP and TSC have been changed to Swachh Bharat Mission (SBM).

SECTION 3

Rural Water Supply and Sanitation situation in Madhya Pradesh

Madhya Pradesh (MP) is the second largest Indian state in size with an area of 3, 08,000 sq. km. Its total population is 7.25 crore. A total of 73.30 per cent of the state's population lives in rural area, while 26.70 per cent of the population is urban. The population is divided across 50 districts, 313 blocks, 22961 Gram Panchayats, 51541 villages and 1,27,197 habitations. Out of the total habitations, 10.30 per cent and 44.65 per cent belong to Scheduled Castes and Scheduled Tribes respectively. To cater to the needs of water and sanitation in rural Madhya Pradesh, the Public Health Engineering Department (PHED) was formed as an independent department under the Government of Madhya Pradesh. Its main functions are:

1) Facilitating community planning, implementation and monitoring of programmes and schemes for safe drinking water in rural areas.
2) Supporting R and D initiatives, information, education and communication (IEC) and HRD activities for all stakeholders in drinking water sector.
3) Developing capacity of technical manpower at all levels in technical, managerial, attitudinal and skill set areas.
4) Coordinating with other line departments (i.e. Rural Development, Education, Health, Tribal and Women and Child welfare and Forest department.)
5) Maintaining the handpump schemes in the state.
6) Coordinating the schemes for sustainability of sources such as ground water recharge schemes.
7) Implementing water quality monitoring and surveillance programme.
8) Providing technical assistance to the Panchayats in maintaining rural piped water supply schemes, etc.

The PHED runs three types of schemes for rural areas depending on the populationnamely, Piped Water Supply (PWS), hand pumps and tubewells.

Table 4: Water supply through various sources in Madhya Pradesh

Sources	Urban Rural Share in Per cent		Population in Percent
Tap water	Rural	9.9	23.4
	Urban	62.2	
Well Water	Rural	25	20
	Urban	5.5	
HP/Tubewell	Rural	63.2	54.6
	Urban	29.9	
Other Sources	Rural	1.9	2
	Urban	2.4	

Source: Annual Report, PHED, Madhya Pradesh, 2011.

Table 4 shows rural-urban gap in water-supply. Only 9.9 percent of rural population gets tap water supply in comparison to 62.2 percent urban. Tubewells cater to the need of water to rural population. 63.2 percent of population in rural Madhya Pradesh receives water from tubewell. Government through PHED has been trying to enhance tap water supply in rural areas. Piped water supply (PWS) connection is provided in villages with a population of 1000 or above. A PWS for rural areas costsRs. 30 lakh (approx.)whereas for urban areasit costs Rs. 80-90 lakh. This system does not have awater treatment plant. The O&M cost of PWS is given in figure 2.

Figure 2: Recurring Monthly Cost for Piped Water in a Village in Sehore

1 Pump Operator salary – 4000/4500 p.m.

Electric Bill – 1000 p.m.

O&M – 500

Total – 5500-6000 p.m.

Annual Cost – 66000 – 72000

Source: Interview with PRI officials of Rala GP, Nasrullahganj, *Sehore.*

Under the scheme, villages with a population of 500to1000 shall have water supply through deep tube well. Such villages can also have water coverage under Mukhyamantri Jal Yojna .The O&M of the tube well is the responsibility of the Gram Panchayat. Lastly, villages with a population of less than 500 shall be provided hand pumps. A hand pump costs Rs. 90,000. According to the PHED annual report (2011-12), 4, 59,598 hand pumps were in operational condition as of December, 2011. Table 5shows the details of hand pumps in the state.

Table 5: Status of Hand Pumps in Madhya Pradesh

S. No	Details	Number
1.	Total govt. established Hand Pump	477162
2.	Functional Hand Pump (Of dept. & other Department)	459598
3.	Total Non-Functional Hand Pump	17564
3.1.	Non-Functional due to low water level	4770
3.2	Non-repairable Hand Pump	8840
3.3	Hand Pump closed due to water quality	1117
3.4	Closed due to simple mal-function	2837

Source: Annual Administrative Report, 2011-12, Madhya Pradesh.

According to the latest Integrated Management Information System (IMIS) of Ministry of Drinking Water and Sanitation (MoDWS) available while writing this report, the total number of hand pumps in Madhya Pradesh was found to be 519011, out of which, 6.30 per cent of hand pumps i.e. 8017 have slipped back. All the above three schemes mostly use ground water (GW) as source which results in the depletion of water level. The drying of sources has been identified as the major reason for slip back due to which the slippage stands at 5.15 per cent. Given the fact that water level is going down rapidly, the Central Groundwater Board, along with the Madhya Pradesh Government, has categorised 28 districts of the state as over exploited, critical or semi-critical. A total of24 blocks fall into the first category whereas 4 and 61 blocks, fall into the critical and semi-critical segments respectively. To reduce dependency on ground water, the State Government is planning to develop Surface Water (SW) resources. In 2012, Jal Nigam has been created by the state as a wholly owned State Government company and autonomous of PHED to provide PWS to rural areas from SW. The funding of Jal Nigam will be shared between Central Government, the State Government and the World Bank. It is expected that for the next 5 years the budget of Jal Nigam wouldbe Rs.6300 crore[6] (approx.).

[6] This figure was quoted by a senior official in PHE, Bhopal.

Despite this scenario, the State Government has declared that 59.78 per cent of habitations have been covered with 55 litre per capita per day (lpcd) water supply. The 11th FYP highlighted that the state of Madhya Pradesh had not only achieved its set physical target but had exceeded it. In contrast, the census 2011 outlines that only 23.4 per cent of population is availing of tap water supply and 20 per cent of population is getting supply from well-water. A majority of the state's population (54.6 per cent) receive water from hand pump/tubewell and 2 per cent from other sources. The above data shows that the state is lagging far behind the goal set by the 12th FYP of 55 lpcd safe piped drinking water facilities to all households.

As per Census 2011, about 71.2 per cent of households in Madhya Pradesh have no toilet facility and defecate in open as against the national average of 53.1 per cent. In rural Madhya Pradesh, 86.9 per cent of households have no access to latrines, and in urban areas, this figure is 25.8 per cent. Given this situation, it would be harder for the state to achieve the monitorable target set in the state's 12th FYP. With regard to sanitation, Madhya Pradesh Government in tandem with the Government of India launched the *Maryada Abhiyan* in April 2012. This campaign aims to achieve a 100 per cent Open Defecation Free (ODF) status across the state in three phases.

In the first phase, 5800 villages where piped water supply is in operation, would be covered to free them from the curse of open area defecation; besides, all the villages of Burhanpur district, Badnawar block (Dhar District), Budhni Block (*Sehore* district) would be included during this phase. During the second phase, all those villages where PWS can be made functional through necessary repair work would be covered; in the third phase, all the remaining villages would be covered. However, this will not be easy to achieve given the poor allocation for the social sector in the state. The average per capita expenditure of the state on social sector for 2001-02 to 2004-05 was Rs. 1,094 whereas it was Rs. 1,695 for 2005-06 to 2007-08. It was less than that of Chhattisgarh and just above that of Bihar, UP and West Bengal. In the following years the per capita expenditure on social sector has gone up but it has no link with the rise in the Human Development Index (HDI). The Reserve Bank of India (RBI) report titled 'State Finance: A Study of Budgets in 2012-13 has pointed out that "a comparison of state-wise growth in average per capita social sector expenditure and HDI in 2007-08 over 2000-01 shows that, by and large, states that increased their per capita social sector expenditure have also seen an improvement in their HDI. The exceptions are Odisha, Madhya Pradesh and Uttar Pradesh which, despite an increase in per capita social sector expenditure, have witnessed a decline in HDI."

SECTION 4

Extent and Quality of Spending in Madhya Pradesh

Inadequate Funds for the Programme

An important indicator through which the level of spending for any sector can be judged is the per capita spending under the schemes for the sector. The RBI statement (2012-13) gives the state-wise social expenditure, which includes expenditure on social services, rural development and food storage and warehousing under revenue expenditure, capital outlay and loans and advances by the State Governments. The per capita spending on social sector has been quite low in Madhya Pradesh. In 2012-13 (BE) the per capita spending on social sector is Rs. 4,664.86. (Table 6)

Table 6: Per capita Expenditure on Social Sector in Madhya Pradesh

Year	Population (in crore)	Social Sector Expenditure (in Billion)	Per capita Expenditure (in Rs.)
2010-11	7.3	234.5	3256.94
2011-12 (RE)	7.4	288.0	3945.20
2012-13 (BE)	7.5	345.2	4664.86

Source: RBI Statement 46, Social Sector Expenditure, Population Census 2011.

In 2012-13 (BE), Goa is leading in social sector expenditure in the non-special category states with Rs. 18,500 per capita expenditure. For 2012-13 (BE) Chhattisgarh stood second with Rs. 7,620 per capita expenditure. Tamil Nadu is at third place, with Rs. 7,507.35, followed by Haryana with Rs. 7357.69 for the same year. Andhra Pradesh holds fifth position with Rs. 6,809.30 per capita expenditure in social sector. Karnataka and Maharashtra are at sixth and seventh position for 2012-13 (BE). Madhya Pradesh is well above states like Uttar Pradesh (Rs. 3,641.34) and Bihar (Rs 3,385) but lagged behind Jharkhand (Rs. 5,246.87). The overall low allocations for social sectors have had their mark on allocations for the rural water supply and sanitation sector in the state as seen in Table 7.

Table 7: Per capita Expenditure on Water Supply and Sanitation in Madhya Pradesh[7] (in Rs.)

Year	(Average for the years)
1998-99 to 2000-01	63.4
2005-06 to 2007-08	110.5
2008-09 to 2009-10	148.6

Source: Budgeting for Change Series, 2011, CBGA.

In Himachal Pradesh, the per capita expenditure on water supply and sanitation was Rs. 1,074.0 in 2008-09 followed by Haryana, Rajasthan Kerala and Karnataka with Rs. 595.5; Rs. 569.8; Rs. 344.7 and Rs. 305.7 respectively. Sehore has a population size of 1.3 million which is 1.8 percent of the Madhya Pradesh demography as per latest Census 2011, a growth of 21.51 percent over 2001 figures. (Table 8)

Table 8: Allocation and Release of Funds for Water Supply in *Sehore* by Union and State Government (In Rs.)

(Support + Programme + Water Quality Monitoring and Surveillance)

Year	OB	Allocation (in Crore)			Released (in Crore)		
		Total	Centre	State	Total	Centre	State
2010-11	0.00	16.20	8.72	7.48	21.55	11.33	10.22
2011-12	0.18	16.12	8.06	8.06	20.00	10.93	9.07
2012-13	0.00	11.52	0.77	10.75	20.63	10.61	9.84

Source: Indiawater.gov.in

The density of population in the district is 199 people per sq. km.in 2011as compared to 164 people per sq. km in 2001.Taking into account the population of the sample district in Madhya Pradesh, the per capita allocation for 2012-13 under NRDWP and NBA would be Rs. 158.69 and Rs. 28.02 respectively as reflected in tables 8 and 9.

[7] Please refer to Annex 1 for flow of fund under NRDWP from Centre to the State and from there to the district.

Table 9: Amount Allotted by Centre and State share under NBA[8] in *Sehore*

(in Rs. Crore)

S. No.	Year	Centre Share	State Share	Total
1.	2000-01	0.71	0.0	0.71
2.	2001-02	0.0	0.0	0.0
3.	02-03	0.0	0.28	0.28
4.	03-04	0.71	0.28	1.00
5.	04-05	0.0	0.0	0.0
6.	05-06	0.0	0.0	0.0
7.	06-07	0.71	0.73	1.45
8.	07-08	2.28	0.68	2.97
9.	08-09	0.0	0.0	0.0
10.	09-10	0.0	0.0	0.0
11.	10-11	1.38	0.50	1.88
12.	11-12	1.42	0.21	1.63
13	12-13	2.80	0.84	3.64
Total		**10.01**	**3.52**	**13.56**

Source: Office Zila Panchayat, *Sehore*, MP.
Note: Figures for 2010-11 onward verified and changed according to the amount given in tsc.gov.in

a. State's inability to draw more funds because of low utilisation levels in the past

There has been a consistent increase in the unspent balances under the NRDWP during the years 2010-11, 2011-12 and 2012-13, which are to the tune of Rs. 3766.55 crore, Rs. 3522.20 crore and Rs. 5447.71 crore respectively. Similarly, under the NBA the unspent balances are to the tune of Rs. 1176.70 crore, Rs. 1292.48 crore and Rs. 1835 crore for the years 2010-11, 2011-12 and 2012-13 respectively. This shows a clear linkage between the absorption capacity of the state and its track record of spending in the past. The state is unable to draw more funds as a consequence of very low utilisation of funds in the preceding years.

[8] Please refer to Annex 2 for flow of fund under NBA from Centre to the State and to the district.

Table 10: Unspent Balance in selected States under NRDWP and NBA

State/UT	Unspent Balance under NRDWP (in Crore)			^Unspent Balance under NBA (in Crore)		
	2010-11	2011-12	2012-13*	2010-11	2011-12	2012-13*
Andhra Pradesh	285.2	301.3	285.74	169.25	174.3	282.25
Bihar	322.92	285.65	219.99	82.12	86.69	250.70
Jharkhand	91.83	74.31	127.67	53.16	102.46	136.56
Madhya Pradesh	**122.34**	**35.82**	**227.42**	**74.40**	**58.16**	**104.26**

Source: 40th Report of Standing Committee on Rural Development, GoI, Lok Sabha, 2012-13.
* As on 31-12-12.
^ Figures were in lakhs, so difference in figure is due to rounding off.

It is important to note that fund utilisation, when seen as a proportion of the approved budget, is critical as the amount that remains unspent gets carried over to the next financial year and therefore determines the budget that is approved for the next project period. Thus, higher the level of under-utilisation of funds, lower would be the budget allocated for the next project implementation period.

Table 11: Unspent Balance under Jalmani, NRDWP and NBA in Madhya Pradesh

S.No.	Year	NRDWP (In crore)	NBA (In Crore)	Jalmani (Released, Expenditure since inception)
1.	2007-08	21.64	61.94	-
2.	2008-09	231.81	84.37	-
3.	2009-10	58.08	58.65	-
4.	2010-11	122.34	74.4	-
5.	2011-12	35.82	58.16	-
6	2012-13 (as on 31-12-12)	227.42	104.26	-
Total		**697.11**	**441.78**	**1.45 Crore** i.e. 26.62%

Source: 27th& 40th Report of Standing Committee on Rural Development, Lok Sabha, 2011-12 and 2012-13.

As can be seen from table 12, Madhya Pradesh had exhibited better fund utilisation capacity in the rural water sector. In 2011-12, the State has utilized above ninety per cent of funds released by both Centre and State. However, if one calculates the total unspent funds during the last six years (table 11) under NRDWP and NBA, it stands at Rs. 1138.89 crore.

Table 12: Percentage Expenditure against Central and State funds released under NRDWP in Madhya Pradesh[9]

Year	% Expenditure against Central Funds	% Expenditure against State Funds
2010-11	72.65	86.95
2011-12	91.37	96.18
2012-13	74.14	94.07.42

Source: Indiawater.gov.in

Unspent Balance in *Sehore* under NRDWP and NBA

The pattern of expenditure of released amount at the state level also got reflected in the expenditure at the district level. As shown in table 13, in 2010-11, *Sehore* was able to spend 56.31per cent of Centre's fund for NRDWP, whereas for 2011-12 and 2012-13, it spent around 88.93 and 96.89 per cent respectively. Similarly, under TSC/NBA, *Sehore* showed a high rate of utilisation of Central, State and Beneficiaries' funds. As on July 22, 2013, the district of *Sehore* had utilised 92.57 per cent of Union and 99.32 per cent of State share for Nirmal Bharat Abhiyan.[10]

Table13: Central Funds 'Allocation, Release and Expenditure for Water supply In *Sehore*

(In Rs. Crore)

Year	Opening Balance	Allocation	Release	Expenditure (as reported by MP govt.)	% expenditure
2010-11	0.00	8.72	11.33	6.38	56.31
2011-12	0.18	8.06	10.93	9.88	88.93
2012-13	0.00	0.77	10.61	10.28	96.89

Source: Indiawater.gov.in

[9] For details, please see Annex 3, 4 and 5.

[10] www.tsc.gov.in. *Sehore* utilised Rs. 16.11 crore from GoI received share of Rs. 17.41 crore. District utilised Rs. 3.52 crore of State received share of Rs.3.54 crore.

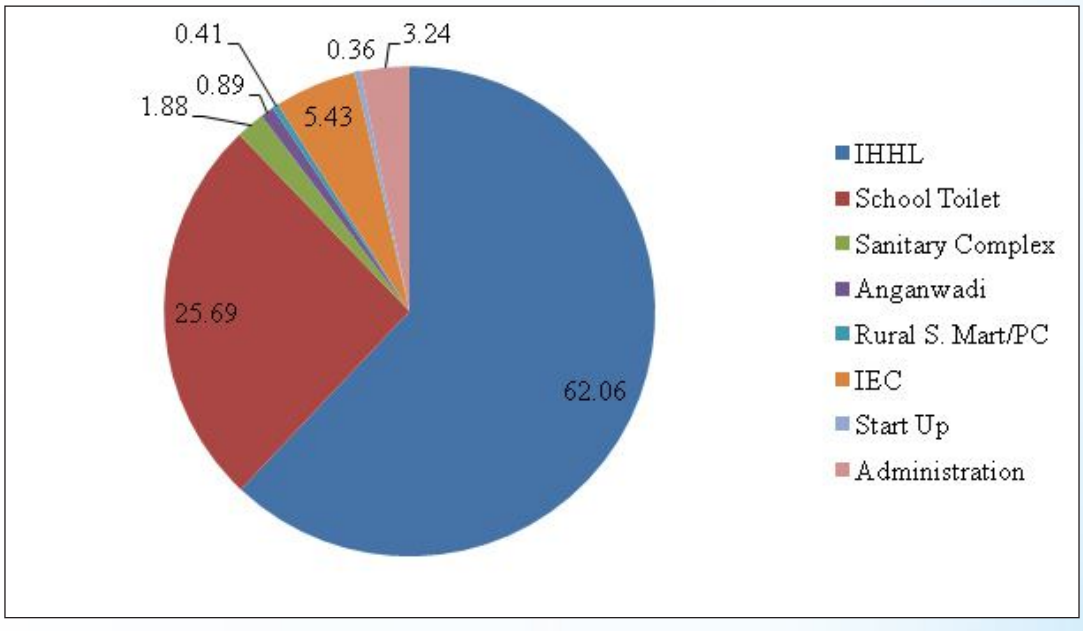
b. Quality of Utilisation of Funds under National Rural Drinking Water Programme and Nirmal Bharat Abhiyan

As depicted in the tables above, over the year, the State of Madhya Pradesh and the sample district of *Sehore* have been able to absorb funds made available to them in the sector. Now, we would investigate whether higher absorption capacity led to better outcomes. . The quality of utilisation of funds can be assessed from the following parameters:

I. Spending across components

Figure1 in Section2 clearly show slower allocation to rural sanitation. Furthermore, the fund is not used equally across the components of NBA in India. More than 90 per cent of TSC/NBA funds during 1999-2013 are spent on construction, leaving little room for funding activities like IEC. From 1999 to 2013, a total expenditure of Rs. 1092.35 crore took place, out of which 90.93 percent went to hardware component and only 9.03 to software component. During this period, the total project outlay was Rs. 1702.88 crore. The software expenditure against total project outlays was merely 5.79 per cent. (Fig 3)

Figure 3: Component-wise Expenditure of NBA in the Union budget 1999-2013



Source: www.tsc.gov.in

As the table 14 shows, in *Sehore*, out of the total expenditure made under NBA during the11th Five Year Plan period, 93.40 per cent has been used for toilet construction. If we look at the components of the total expenditure for construction purposes, 84.55 per cent was used for the construction of individual household latrine (IHHL), the construction of school toilets got secondary attention with only 7.53 per cent of funds spent on it andthe worst affected were the

Table 14: Component-wise Expenditure of NBA budget in *Sehore*

(In Rs. Lakhs)

NBA Components	2007-08	2008-09	2009-10	2010-11	2011-12	Total Exp	% of Total Exp.
IHHL	111.30	0.0	366.80	117.14	283.75	878.99	84.55
Sanitary Complex	3.75	0.0	6.14	0.27	0.0	10.16	0.97
School Toilets	9.35	0.0	69.0	0.0	0.0	78.35	7.53
Anganwadi Toilets	0.15	0.0	2.45	0.0	0.80	3.4	0.032
Total Exp. on Construction	124.55	0.0	444.39	117.41	284.55	970.90	93.40
Start-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administration	10.18	1.18	20.36	10.20	3.92	45.84	4.40
IEC	0.0	0.0	19.48	2.54	0.04	22.06	2.12
Total Expenditure	134.73	1.88	484.23	130.15	288.51	1039.50	100

Source: tsc.gov.in

Anganwadi toilets with 0.03 percent. Apaltry sum had been allocated for IEC activities even though awareness generation among the villagers about environmental improvement and sanitation were the main component of the campaign.

This pattern of spending actually missed the 11th Plan strategy which aimed to achieve 100 per cent coverage of clean water and sanitation in rural areas. If we compare NBA's allocations to different components, for the district of *Sehore*, we find that the outlays for the software components were even lower than under the TSC, the previous scheme. The guidelines of NBA, the present scheme, prescribed that 15 per cent of total allocations were to be reserved for software activities on a 80:20 sharing basis between the Centre and the state. Besides the problem of uneven spending under 'Toilet Construction Activities', as cited above, two other issues that crippled the spending on NBA were lack of proper utilisation of funds existing within IEC, and the overall misappropriation of funds. Field level interactions during the course of the study revealed that the funds meant for IEC component were either lying idle or had been diverted for carrying out other tasks in the district.

The Right to free and compulsory education of children in the age group of 6-14 is a part of the fundamental rights guaranteed under Article 21-A; this right cannot be enjoyed unless basic infrastructure facilities are provided by the State. Keeping this in view, the Supreme Court issued a direction on October 2011to the State Governments to provide basic toilet facilities for all children, particularly the girl child, in Government schools. Its reminder judgment, on October 2012 stated that the schools needed to ensure construction of sufficient number of toilets in schools, latest by the end of six months. In an effort to comply with this mandatory order, in a time bound manner, the fund starved implementing agency diverted the IEC funds for this. After learning about this, when the researcher tried to access the related documents to get more insights, the district officials avoided sharing information.

ii. Spending across financial quarters

Another useful indicator to assess the quality of spending is to see whether funds are being spent evenly all through the year or mainly during a particular period of the fiscal year. By analysing whether spending is consistent, whether it fluctuates, its fluctuation pattern over the quarters, the study attempts to assess the quality of spending and the factors contributing to it. In the case of NRDWP, it is a very pertinent indicator. The study team found that a major share of the fund was released to the district only in the last quarter. (Table 15)

Table 15: Funds from State to District *Sehore*, PHE 2011-12 **(In Rs. Lakhs)**

Order No./ Date	20-2580 (Normal*)		41-2580 (TSP)		64-2580 (SCSP)		Total
	State	Centre	State	Centre	State	Centre	
11/20-4-11	51.50	51.50	-	-	-	-	103.0
77/14-6-11	4.36 55.86	4.36 55.86	-	-	-	-	8.72 111.72
114/8-8-11	15.0	15.0	-	-	-	-	30.0
150/13-9-11	10.0	10.0	-	-	-	-	20.0
179/14-10-11	75.0	75.0	-	-	-	-	150.0
219/ 2-12-11	40.00	40.00	-	-	-	-	80.0
251/7-1-12	150.0	150.0	-	-	-	-	300.0
301/16-1-12	-	-	-	-	30.0	30.0	60.0
357/22-03-12	-	-	-	-	-	-	-
366/28-3-12	125.0	125.0	-	-	-	-	250.0
Total			**-**	**-**	**30.0**	**30.0**	**1113.44**

Source: Allotment Register, PHE.
Note: No allocation under TSP in 2011-12 and only 5.38 per cent allocated for SCSP
* This allocation is for all the population.

We can see that 54.78 per cent i.e. Rs.610 lakh out of Rs.1113.44 lakh was allocated in the last quarter of 2011-12. In a rush to meet financial pressures, this leads to haphazard utilisation of funds. The argument given by the officials is that the layers of verification for obtaining the Utilisation Certificate of the previous installment cause delay in the release of subsequent installments. Eventually, this results in under-utilisation of funds.[11]

Table 16: Expenditure of Normal (20-2580) Fund, 2011-12, *Sehore*

(in Rs. Lakh)

Month	Centre	State	Total
April	0.0	0.0	0.0
May	13.87	18.41	32.28
June	51.49	49.23	100.72
July	51.49	55.56	107.05
August	51.59	57.58	109.17
September	79.07	77.82	156.89
October	79.07	97.30	176.37
November	113.95	109.90	223.85
December	195.60	189.47	385.07
January	251.68	289.01	540.69
February	342.73	309.20	651.93
March	470.85	470.85	941.7

Source: Expenditure Register of MP, PHE.
Note: The shown expenditure is monthly cumulative figure.

Table 16 shows that *Sehore* registered an expenditure of 84.57 per cent (Rs. 941.7 lakh) of the total funds (central and state, equivalent to Rs. 1113.44 lakh) received by the district in 2011-12. Of this, total annual expenditure of Rs. 941.7 lakh, Rs. 556.63 lakh i.e. 59.10 per cent expenditure took place in the last quarter. This clearly shows a directco-relation between delays inallocation to delays in expenditure patterns.[12]

[11] Projects are announced by district administration through tender notice. The organisation fulfilling the conditionalities bags the tender and starts work. Periodically, it submits their bills for approval. After verification, depending on the availability of funds, the authority sanctions the amount. Hence, it could be said that work continues even after delay of funds.

[12] The District authority maintains two separate registers – one for Union and the other for State allocation. The PHED releases the State amount to the districts and does not wait for central funds. When central funds come to the State treasury it forwarded to the lower level department's agency. For further details of fund released to Madhya Pradesh and Sehore under NBA. Please see Annex 6.

SECTION 5

Where do the Hurdles Lie?

a. Deficiencies in Planning

At the district level, the true spirit of decentralised planning continues to be more of a theoretical construct owing to multiple plans that are formulated and implemented. Instead of several plans being made, a district plan that includes all the interventions would be more holistic and would provide the implementing officials at the district level the requisite ease to effectively see through the programme. Related to this, is community participation for water supply and sanitation schemes. Recognising it as necessary, the NRDWP guidelines recommend for community participation through Village Water and Sanitation Committee (VWSC). The 12th FYP (Draft) document envisages community participation in a major way. It said that "participation of the beneficiaries in water supply schemes should be ensured right from the planning stage, spanning over construction and post scheme completion management stages, including O&M".

At the village or Gram Panchayat (GP) level, there is a provision of VWSC, which should work as a planner and take stock of the water and sanitation needs of the community. The *Sarpanch*, Panchayat Secretary, Panchayat Coordinator (PC) along with members of VWSC have the responsibility to discuss the viability of water resources, source of water supply, and work on a water security plan. Based on the initial local information, they formulate the water and sanitation related demands for the GP. They also work out the budget required for this. Once the draft is ready, they either submit it to the Block Water and Sanitation Committee (BWSC) or the District Water and Sanitation Committee (DWSC). The district prepares its own plan after considering the demands coming from all the GPs and sends it to the State level. In this case, the PHED is the state level authority responsible for water; and the office of the Rural Development department is the State level authority for sanitation. The State Government submits its demands to the Union Government, which acting through the related Ministry, sanctions funds for respective states depending on the availability of funds with the Ministry. In

addition, the Union Ministry shares the Central NRDWP fundswith the statesapplying the following criteria-

Table 17: Criteria for allocation of Funds from Centre to States under NRDWP

S. No.	Criteria	Weightage (in %)
1.	Rural population	40
2.	Rural SC/ST population	10
3.	States under DDP, DPAP, HADP and special categories hills states in terms of rural area	40
4.	Rural population managing rural drinking water supply schemes	10
	Total	**100**

Source: NRDWP Guidelines, 2010.

The last criterion, which gives 10 percent weightage to local management of drinking water schemes is designed to motivate and promote quality maintenance of water services with active participation of VWSC (Table 17). However, in reality, this has translated into creation of an institution, which is extracting O&M costs for PWS through collection of user fee from the beneficiaries at the habitation level. Further, the Government plans to devolve other critical functions related to water supply, the following manner:

a) transfer of responsibility *for infrastructure creation* of hand pumps to PRIs

b) transfer of responsibility *for infrastructure creation of Single Village Piped Water Schemes* to PRIs

c) transfer of responsibility *for O&M of Hand Pumps* to PRIs

d) transfer of responsibility *for O&M of Single Village Piped Water Supply Schemes* to PRIs.

4.86 per cent of the rural population of Madhya Pradesh is managing rural drinking water supply schemes.[13] The state is performing better than Uttar Pradesh (UP), West Bengal (WB), Bihar, Chhatisgarh, Jharkhand, Haryana, Jammu and Kashmir (J&K), Rajasthan, Uttrakhand, Manipur, and Meghalaya.

However, the *field work showed that not all GPs had formulated VWSC's; even where they existed, they were functioning in an ad hoc or informal basis.* Apart from this, the guidelines of VWSC, which say that the committee should have representation of the weaker sections of the society,

[13] www.indiawater.gov.in. With 24.09 per cent rural population managing rural drinking water supply schemes, Mizoram is at the top whereas Sikkim and A & N Island are at the bottom with 0.0 per cent.

such as SCs/STs and women, were violated. The author's experience of the VWSC at Rala GP in Nasrullahganj block of *Sehore* district was different from the rule book. This was evident during the visit to Rala, where in the author was mistaken for a Government official; the beneficiaries showed up in large numbers and shared their stories in the hope of getting their water woes solved.

In fact, the Dalit and tribal population of the GP were very vocal in expressing their resentment against the *up-sarpanch* and Secretary regarding their approach to deal with local water problems. They alleged that the PRI members were not paying attention to their problems and their negligence was leading to the local water flowing away to other areas. Even though seats had been reserved for SC/ST and women members in panchayats, and devolution of power (financial and decision making) to them in the endeavor to make them the tools for inclusive development, under the Act, but at the ground level, the interactions between the study team and a women *sarpanch*, who belonged to the ST, revealed that she had no real powers with her and that she was just a token *sarpanch.* She was never consulted for any decisions taken by other members.

Box 1: Village Dodi, Dist./Block -*Sehore*

With the involvement of SAMARTHAN, an NGO, residents of village Dodi successfully formulated their demands related to Piped Water Supply and Sanitation. The PHE responded to their demands positively; consequently, the PWS for the area got under way. However, the sanitation condition in the village was very poor. There was rampant open defecation. As of June 2011, the village had only 70 IHHLs. The situation has gradually improved now, due to the efforts of the civil society organisations (CSOs) working in the area, the villagers have become aware of the problems arising out of OD. The Panchayat Secretary argued that the PRI did not have IEC fund and it dealt only at district level. The reach of IEC in Dodi was found to be minimal.

b. Bottlenecks in Budgetary Processes

Observations gathered from the meetings with NRDWP and NBA officials in Bhopal and *Sehore* districts of Madhya Pradesh, show that delays in the release of Union Government funds to the district were mainly due to the conditions that had to be satisfied for release of impending installments. The checklist includes submission of audit report, utilisation certificate, baseline survey findings and review mission report (if any) corresponding to the previous installment. The provision for auditing of expenditure incurred, by the empanelled Chartered Accountant starting from state to district and then to Block level, for obtaining the utilisation certificate, also poses an interruption. Another condition which is difficult to satisfy is to wait for all the districts to come to par on absorbing 60 per cent of the amount of the 1st installment. To add to this, a number of times, the Central agency raises objections regarding improper documentation, that is necessary for clearance. The hard work put in by the budget section of PHED in convincing the Central Ministry in getting the 2nd installment (for 2012-13) sanctioned without

further delay, was witnessed during meetings/ interactions with them. The second issue raised the officials was that at times, the Central Ministry would express distrust in the reports prepared by the empanelled Charted Accountants, who were State Government appointees, alleging manipulation of figures.

The convergence of the two schemes National Rural Employment Guarantee Scheme (NREGS) and NBA to construct IHHL has created further problems. The state officials argued that delay in the NREGS funds which was very common, often affected the construction work. Also, the inability of implementing officials in comprehending the procedures and guidelines given by the Union Government aggravated the problem. As pointed out earlier, absence of delegation of financial powers to the appropriate level was another vital gap; the IEC funds under NBA were managed by district administration, even when they were needed at the block or village level. All these factors led to delays in fulfilling reporting requirements and consequently intensified the problem related to delay in release of funds from the Union Government.

c. Systemic Weaknesses

Another major reason that contributed to problems in the implementation of NRDWP and NBA, in *Sehore,* was the shortage of staff at various levels. Our study showed that the Government was driven by the approach which believed in freezing of the regular staff cadre. 11.47 per cent posts were lying vacant at the top level of the department, 22.05 per cent at the second level and 16.48 per cent posts were vacant at the third level. However, the overall vacancies did not show the crisis PHE was facing due to lack of staff.

Table 18: Official/staff sanctioned, filled and lying vacant in Madhya Pradesh

1st class			2nd Class			3rd Class		
Sanctioned	Filled	Vacant	Sanctioned	Filled	Vacant	Sanctioned	Filled	Vacant
122	108	14	1546	1205	341	3883	3243	640

Source: Establishment Department, PHED, Bhopal.

As shown in Table 18, 21 per cent of the sanctioned strength of Sub-Engineers (204 positions), and 30.29 per cent of Assistant Engineer posts were vacant at the time of the study. In the PHE structure, these two posts are at the district and block level respectively, which means that the implementation of the project is compromised. In fact, the lack of human resources in the sector, in a way, reflects the position of the Ministry of Drinking Water and Sanitation at the Union level, which has been facing shortage of human resources after its separation from the Ministry of Rural Development in 2011. At the Union level, there are 77 employees in position (i.e. 28.70 per cent), as against the 108 sanctioned positions posts lying vacant at the central level.

Table 19: Officials/staff position in PHED, Bhopal

Nature of Jobs	Sanctioned	Filled	Vacant	More on post
Permanent	66	41	27	2
In-charge'	201	197	25	21
Daily wagers	-	79	-	-

Source: Establishment Department, PHED, Bhopal.

Table 20: Technical Staff status in district *Sehore*

Post *(Sehore)*	Required	Vacant	Filled
Pump Mechanic	25	18	7
Engineer	19	05	14

Source: Interview with PHED official during field work in *Sehore*

41 per cent of regular posts at the district level were not occupied at the time of conducting the study. Also, 26 per cent of the total posts for engineers and 72 per cent of the mechanics' posts in *Sehore* were lying vacant. This overburdens the existing staff. This situation worsens the prospects at the post-graduation level, as pointed out by Dr. Subir Paul (2011), where courses at the post-graduation level, since the past few decades, have failed to attract students and teachers. This has a cumulative effect on the availability of quality staff. Due to a similar problem, the state has not been able to show utilisation of funds under NBA. At the time of the field visit, 13 out of a total 50 positions of District Coordinators (DC) and 17 out of 313 posts of Block Coordinator (BC) at the state level were vacant. At the district level, 3out of the 9 posts were not filled up. Apart from staff shortage, other problems like gaps in infrastructure and deficiencies in decentralized planning; inadequate training and capacity building of staff also hampered the prospects of improving the situation of sanitation in the district. These problems are listed below:

a) **Contractual jobs:** To cut costs, the Government has been relying on ad-hoc staff positions; some of the important posts have been filled on contractual basis. In Nasrullganj, the lab staff responsible for maintaining quality control has been hired on contract at Rs. 2500 per month(as against the remuneration of 3500 a month fixed for this post), thereby saving Rs. 1000 per month. This was lower than even the group C and D level Government jobs that got a basic salary of 5200-20200 and 4400-7440 respectively. Under NBA, these posts have been contracted at low basic salary and lesser entitlements. This eventually dampens the service spirit of the volunteer for such a crucial task.

b) **Lack of adequate infrastructure:** To ensure proper utilisation of funds, the PHE has to be supported by adequate infrastructure such as office building and other equipment to absorb allocated outlays. It was found that the *Sehore* and Ichhawar block office worked from the district PHE office and the Nasrullaganj PHE office was situated in a rented premise. The PHE and Rural Development offices lack the facility of a vehicle and a driver, which are critical to ensure a timely response, particularly in remote village areas. The PHE Office requires adequate tools to oversee proper functioning of the schemes. There is a need for making allocations for such tools like telephonic and video conferencing at the district level, to start with.

c) **Lack of training and capacity building facilities:** To ensure the quality of the services delivered, the staff concerned must be equipped with necessary skills and expertise, which can be imparted through suitable training. If we look at the pump mechanics and their skills, there were only 7 trained staffs; the other positions were filled with junior lower staff that had received no formal training. The PHE needed trained staff also to be able to feed the IMIS properly. In the absence of this, delayed and improper feeding would cause delay in the issuance of second installment.

d) **Staff engaged in jobs other than the parent office:** The PHE staff, mainly those who were technicians by profession had to carry out other Government functions as election duty, taking part in the Census work, which took away most of their time. Various Government departments such as Forest, Health and Education install hand Pumps but their maintenance falls under PHE for which they do not get extra funds.

e) **Disconnect between the Planning agency and the Implementing Agency:** All planning related to the design and implementation of schemes was done by bureaucrats, who more often than not, did not have a complete understanding of the field situation and matters related to PHE. On the other hand, those who were responsible for implementing the schemes were not involved in planning, creating fissures in the whole programme.

SECTION 6

CONCLUSION

Madhya Pradesh lags far behind other states in terms of both water and sanitation facilities. The quality and utilisation of funds has been a major challenge in achieving the goal of piped water supply and sanitation in the rural area as revealed in the study findings. The main findings of the study are as follows:

a) The study revealed that there had been lower allocation for water and sanitation in *Sehore*. The per capita allocation for 2012-13 under NRDWP and NBA was Rs. 158.69 and Rs. 28.02 respectively.

b) Under-utilisation of funds has been found at the State level, whereas the sample district reflected better utilisation of funds despite the lack of quality staff.

c) 41 per cent of regular posts at the district level were not occupied at the time of conducting the study. Also, 26 per cent of the total posts for engineers and 72 per cent of the mechanics' posts in *Sehore* were lying vacant.

d) There had been more focus on the construction of toilets, both IHHL and school toilets at the district level. In fact, meager IEC funds were diverted to construct school toilets in the district.

e) It was found that most of the fund got released in last quarters of the financial year. In devolution of funds from state to districts it was found that 54.78 per cent i.e. Rs. 610 lakh out of Rs. 1113.44 lakh was allocated in the last quarter of 2011-12.

f) The study also revealed that there had been a push for user charges for piped water supply in the rural areas.

g) The Village Water Sanitation Committee (VWSC) was found to be non-functional at the grass root level. Even in cases, where it was found to be in a workable situation, the membership and meetings were non-transparent.

As a result of the Fiscal Responsibility and Budget Management (FRBM) Act and inadequate share of the state in Union taxes, the state has a low funding capacity. This has led to systemic weaknesses, symptoms of which came forth in the study. The 13th Finance Commission has noted a sharp increase in matching grant by states with an increase in CSS outlays.[14] Also, the states have to manage the infrastructure created under CSS. Further, the states have an uneven opportunity for Public Private Partnership (PPP) to meet the funding gap due to

[14] The Commission pointed out that although states have a better fiscal space but they have to dole out more funds due to continuous increase in the funds of Centrally Sponsored Schemes. Hence, it recommended rationalising CSS.

increasing competition between the states, law and order, infrastructure and political instability.

Hence, the 14th Finance Commission recommended devolving Central taxes from 32 percent to 42 percent. The incumbent Government has accepted the recommendation and from 2015-16 onwards decided to implement it. The budgetary allocation at the Union level appears low in the social sector. But the Union Budget does use a caveat that "states are going to contribute for the schemes related to water and sanitation/Swachh Bharat Mission from their enhanced resources...the total resources will remain unaffected". This has to be looked critically. The CBGA (AUB: 2015-16) analysis argues that "...a deeper examination of the amount of increased devolution provides a clearer picture of the status of overall resources being transferred to the states. Data shows that while the states' share in central taxes and Non-plan grants as share of GDP does show an increase, the total Union resources reveals a decline from last year's budgeted expenditure. It therefore implies that while the states would definitely enjoy a greater degree of autonomy and flexibility in terms of deciding on their expenditure priorities, it does not necessarily imply an increased spending capacity for the states. Thus the Union Government's argument for reducing total expenditure as a result of increased devolution to states remains unconvincing".[15] In this context, the priority set-up by the states might not be focused on social sector and schemes like water and sanitation. If we look at the 2015-16 (BE) allocation for water and sanitation with 2014-15 (BE), states like Bihar and Rajasthan show a substantial decrease of 5.1 and 7.8 percent respectively.

Taking into account the study findings and analyzing them in context of the prevailing macroeconomic scenario, a few recommendations and suggestions have been laid out:

Recommendations:

a) The Centre should devolve more funds to the states in a timely manner to ensure that there is no delay;

b) The State Government should have mechanism to monitor the functioning of the VWSCs;

c) States should ensure that quality staff are recruited on a permanent basis rather than offering contractual jobs;

d) There should be transparency in the utilisation of funds ensuring that there should not be any diversion of funds that are meant for water and sanitation schemes to other schemes ;

e) States should also ensure the effective implementation of schemes in the Dalit and tribal hamlets.

[15] "Of Bold Strokes and Fine Prints – Analysis of Union Budget 2015-16", Centre for Budget and Governance Accountability, 2015, New Delhi.

ANNEXURES

Annex 1: Fund Flow under NRDWP in Madhya Pradesh

Institutions at the Centre

Ministry of Drinking Water and Sanitation

Vision: Safe drinking water for all, at all times, in rural India.

(Provide Policy Guidance, ***Financial*** and Technical Support. Department runs NRDWP)

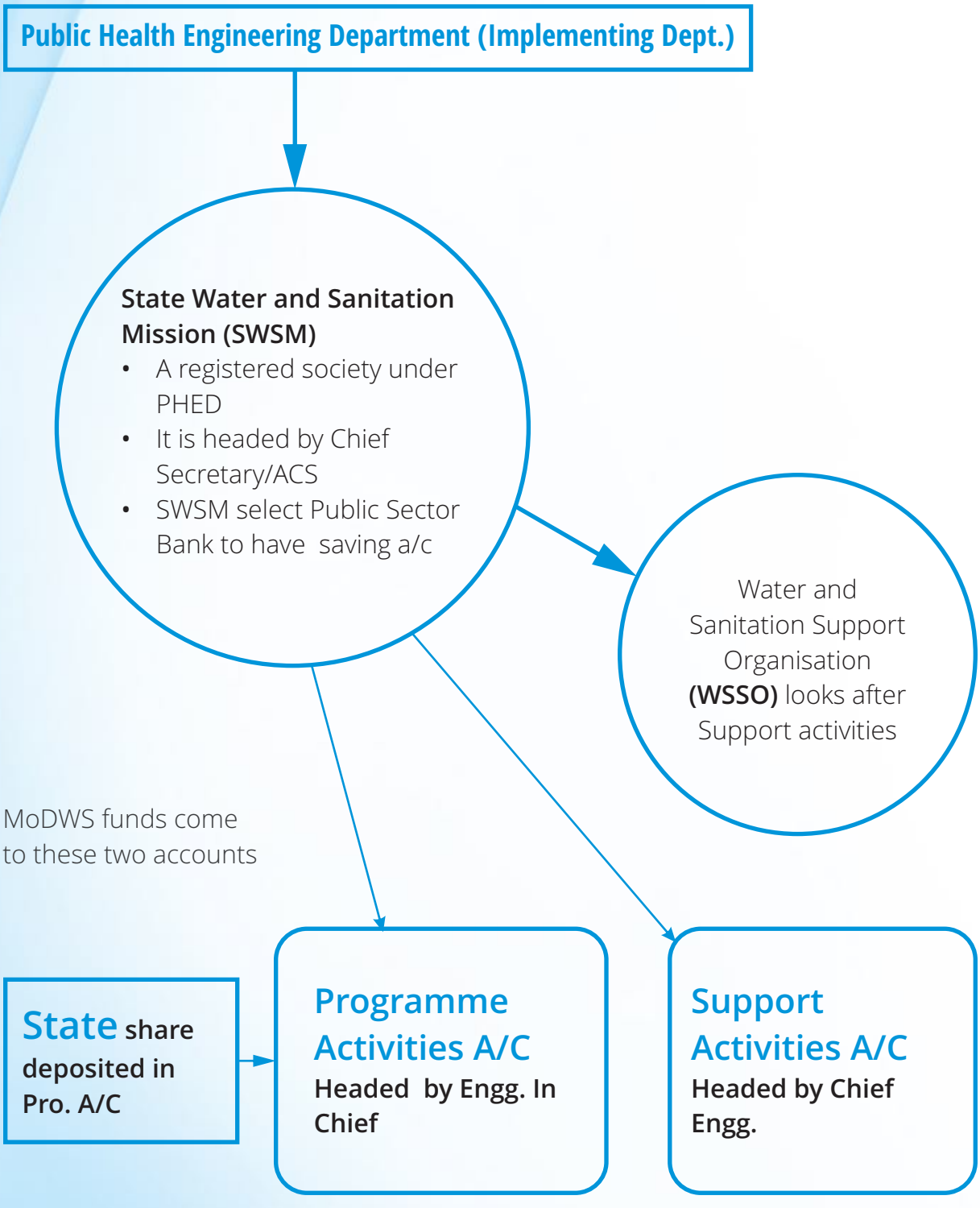
NRDWP has two Components: **Programme & Support activities**

- Release funds in two installments to State Water and Sanitation Mission (SWSM) in the State.
- Release of 1st Installment without any proposal, if state had withdrawn its previous year's 2nd installment.
- If Union Budget is not finalized then fund will be released in April only for Programme activities

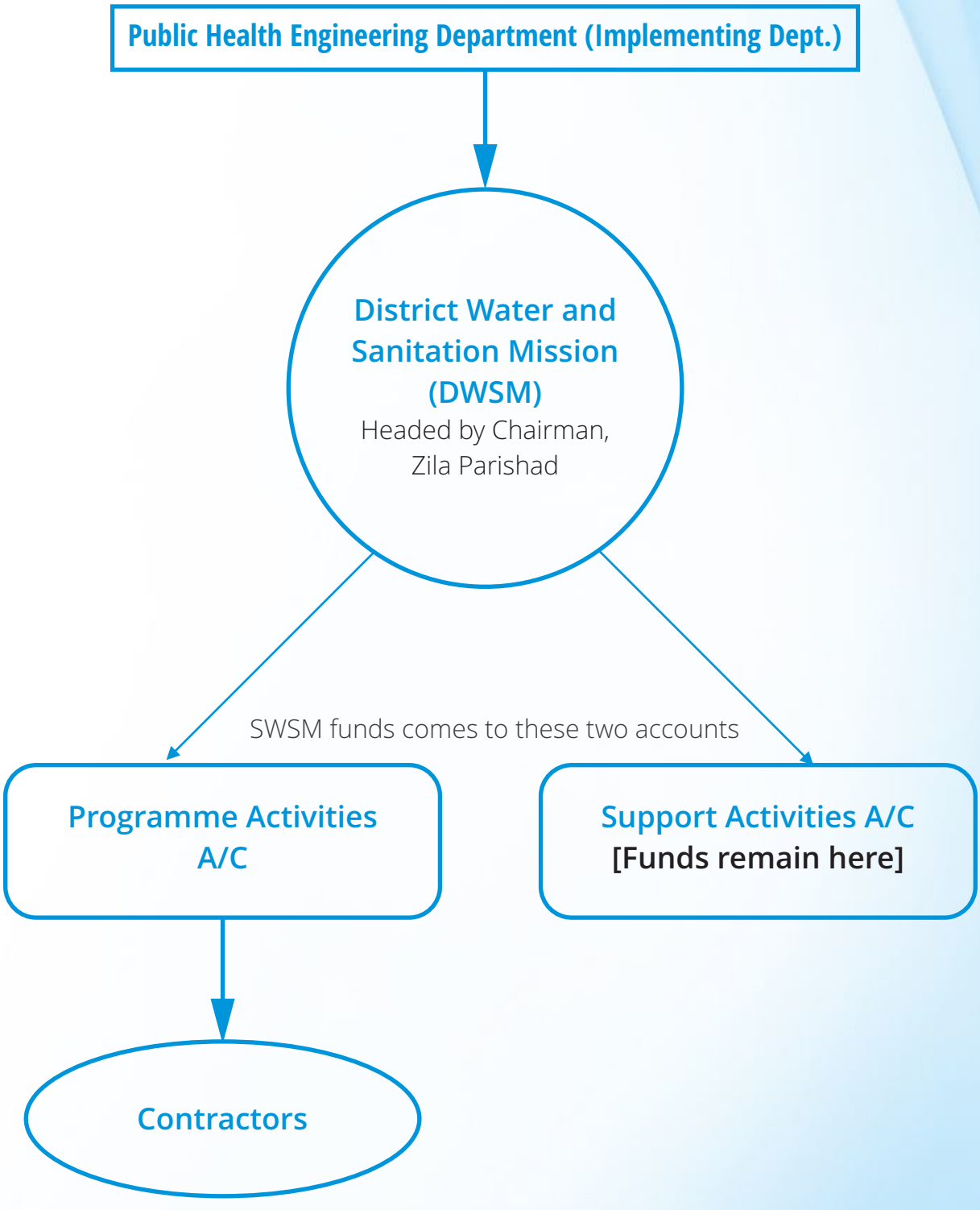
Programmme Activities:
Coverage, Water Quality, O & M, Sustainability,
[*95 % of NRDWP funds*]

Support Activities:
Awareness creation, setting up district & sub-divisional water test lab, training to grass root workers, hardware and software support to district and block level, audio-video publicity
[*5 % of funds*]

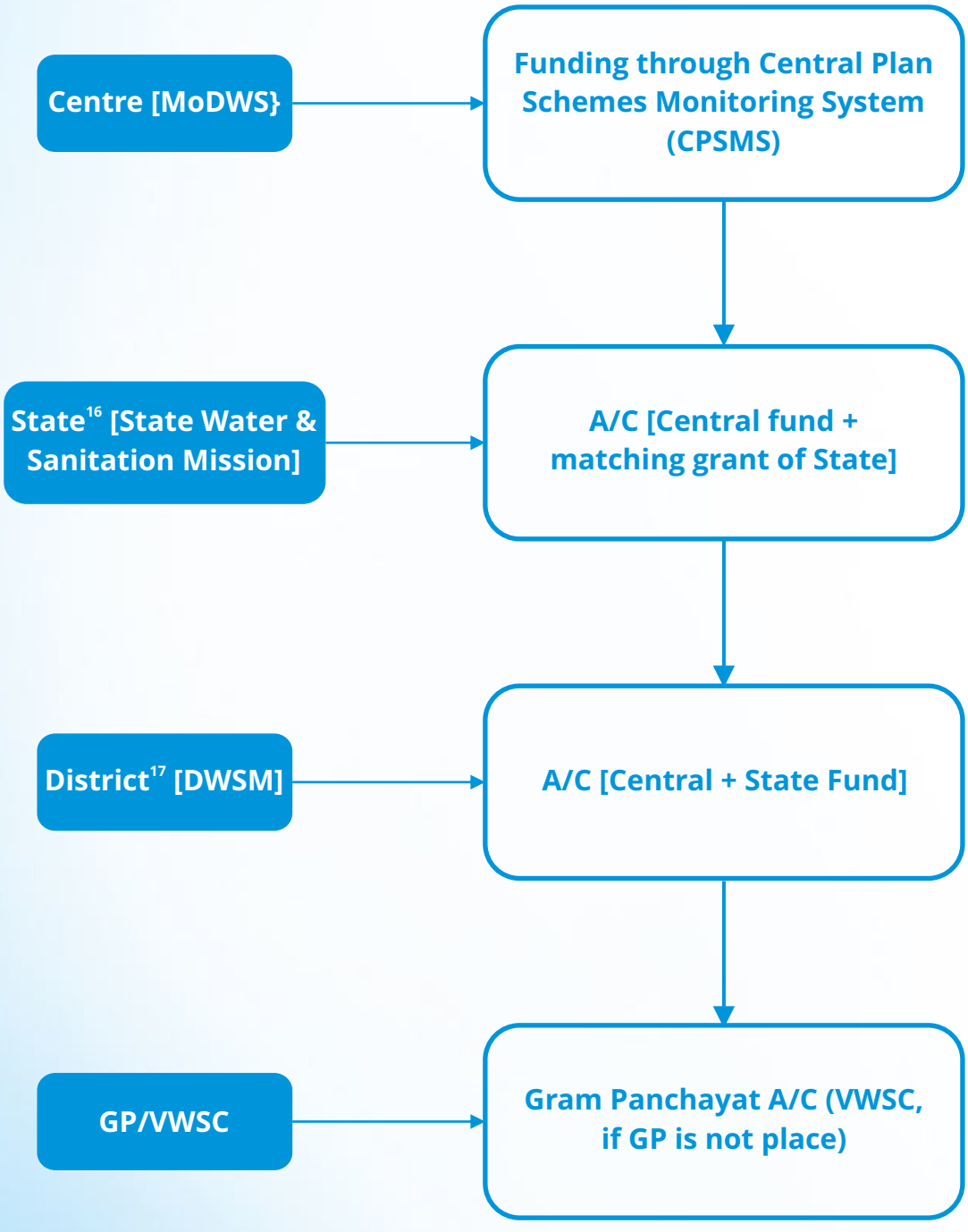
Institutions at the State level



Institutions at the District level



Annex 2:Fund Flow under NBA in Madhya Pradesh



[16] State should release Central fund along with matching grant to District Water and Sanitation Mission account within 15 days.
[17] DWSM should release fund to GP or VWSC within 15 days of receipt of fund from state.

Annex 3: Allocation, Release, and Expenditure for Program Fund, Support Fund, Natural Calamities, for 2010-11

(in Rs. Crore)

State	1) Opening Balance (Central) 01-04-2010	Allocation			Release			Expenditure		
		2) Total	3)Centre	4) State	5) Total	6) Centre	7) State	8) Total	9) Centre	10) State
All India	3044.36	17912.95	8550.00	9362.94	16514.60	8941.85	7572.75	14894.97	7996.00	6898.96
MP	58.95	750.10	399.04	351.06	730.06	388.32	341.74	622.11	324.94	297.17
Bihar	578.10	614.37	341.46	272.91	348.60	170.73	177.87	548.53	425.91	122.62
Jharkhand	89.82	402.41	165.93	236.48	249.79	129.95	119.84	205.69	128.19	77.50
AP	149.79	1340.26	491.02	849.24	931.28	558.78	372.50	790.06	423.38	366.68

Source: www.indiawater.gov.in
Note: % expenditure against Central Funds = Central Release + OB = Fund Available
(9/6+1) *100

Percentage expenditure of Central and State Funds shown in Annex 3

State	Percentage Expenditure against Central Funds	Percentage Expenditure against States Funds
Andhra Pradesh	59.8	98.4
Bihar	56.9	68.9
Jharkhand	58.3	64.6
Madhya Pradesh	72.7	86.9

Source: www.indiawater.gov.in

Annex 4: Allocation, Release, and Expenditure for Program Fund, Support Fund, Natural Calamities and WQMSP for 2011-12

(in Rs. Crore)

State	1) Opening Balance (Central) 01-04-2011	Allocation			Release			Expenditure		
		2) Total	3)Centre	4) State	5) Total	6) Centre	7) State	8) Total	9) Centre	10) State
All India	3902.09	17914.43	8330.00	9584.43	16405.27	8474.02	7931.21	15501.83	8934.86	6566.96
MP	122.34	711.30	371.97	339.33	655.16	292.78	362.38	727.86	379.30	348.56
Bihar	322.92	374.98	374.98	0.00	468.44	330.02	138.41	477.04	367.30	109.74
Jharkhand	91.63	389.52	162.52	227.00	353.87	148.17	205.69	319.25	169.84	149.40
AP	285.20	1228.82	546.32	682.50	794.70	462.47	332.23	686.36	446.37	239.99

Source: www.indiawater.gov.in

Percentage expenditure of Central and State Funds shown in Annex 4

State	Percentage Expenditure against Central Funds	Percentage Expenditure against States Funds
Andhra Pradesh	59.7	72.2
Bihar	56.2	79.3
Jharkhand	70.8	72.6
Madhya Pradesh	91.3	96.2

Source: www.indiawater.gov.in

Annex 5: Allocation, Release, and Expenditure for Program Fund, Support Fund, Natural Calamities and WQMSP for 2012-13

(in Rs. Crore)

State	1) Opening Balance (Central) 01-04-2012	Allocation			Release			Expenditure		
		2) Total	3)Centre	4) State	5) Total	6) Centre	7) State	8) Total	9) Centre	10) State
All India	3375.99	21581.96	10290.02	11291.95	19418.18	10473.20	8944.96	17263.35	10008.48	7254.88
MP	35.82	883.98	447.33	436.66	941.30	539.56	401.74	804.20	426.56	377.64
Bihar	285.65	737.24	484.24	253.00	464.12	224.30	239.82	453.29	293.09	160.20
Jharkhand	74.31	434.86	191.86	243.00	452.04	243.43	208.61	360.19	204.87	155.32
AP	301.30	1361.02	563.39	797.63	1024.78	485.14	539.65	1196.78	672.82	523.96

Source: www.indiawater.gov.in

Percentage expenditure of Central and State Funds shown in Annex 5

State	Percentage Expenditure against Central Funds	Percentage Expenditure against States Funds
Andhra Pradesh	85.6	97.0
Bihar	57.5	66.8
Jharkhand	64.5	74.5
Madhya Pradesh	74.1	94.0

Source: www.indiawater.gov.in

Annex 6: Month-wise funds released to Madhya Pradesh and *Sehore* under NBA

(in Rs. Crore)

Year	Madhya Pradesh Release Month	Amount	*Sehore* Release Month	Amount
2007-08	July	9.91	Aug.	2.28
	Aug	4.64		
	Sept.	10.75		
	Nov.	10.88		
	Dec.	20.19		
	Feb.	3.04		
	March	8.49		
08-09	June	29.44	-	No release
	Jul	4.94		
	Oct.	3.53		
	Nov.	3.97		
	Dec.	5.12		
	Jan.	3.84		
	Feb.	45.69		
	Mar.	1.10		
09-10	Aug.	79.87	-	No release
	March	20.00		
10-11	July	72.01	July (1st Inst)	0.69
			Dec. (2nd Inst)	0.69
	Dec.	72.01		
11-12	Jun	75.38	June (1st Inst)	0.71
	Dec.	75.38	Dec. (2nd Inst)	0.71
12-13	May	128.89	May	2.80
	Dec.	128.89	Dec.	2.80

Source: www.tsc.gov.in

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