

CHAPTER II INSTITUTIONAL MECHANISM AND PLANNING

An Operation and Maintenance Policy has not been formulated and approved by the Government so far. As against the constitutional mandate vested upon GPs, the rural water supply schemes in the State were currently operated and maintained by the Government owned autonomous body, the Kerala Water Authority (KWA).

Out of the 21 test-checked GPs in the State, GP Water and Sanitation Committees (GPWSC) were set up in four GPs only, and these WSCs have not met till date. None of the test-checked GPs conducted need assessment and Baseline survey as envisaged in the JJM guidelines, which implied that the GPs were providing FHTCs without assessing the actual needs of the population. The test-checked GPs did not formulate Village Action Plans (VAP) as envisaged, due to which District Action Plans (DAP) and State Action Plans (SAP) which reflected the true needs at ground level were not seen prepared.

The shortfall in achievement of targets for FHTCs during the period from 2020-21 to 2023-24 ranged from 74.76 to 83.94 *per cent*, which indicated disconnect between planning and implementation. It was observed that no comprehensive action plan had been developed for source sustainability measures and greywater treatment. Of the 21 test-checked GPs, only 18 engaged Implementation Support Agencies (ISA), and in 10 of these GPs (56 *per cent*), ISAs were engaged only after the planning and mobilisation phase.

2.1. Non-issuance of notification in Gazette for mandated transfer of function

The 73rd Amendment to the Constitution of India placed the subject of drinking water under the Eleventh Schedule, assigning its management to the GPs. The Kerala Panchayat Raj Act of 1994 (KPR Act) was enacted to establish a decentralised system of governance, aligning with the principles enshrined in the 73rd Amendment to the Constitution of India. Section 234 A of the Act stipulated that the water supply and sewerage services currently under the Kerala Water Authority (KWA) were to be vested in the Panchayats by a notification in the Gazette. From that time onwards, all assets related to water supply such as plant and machinery, water works, pumping stations and other infrastructure within a Panchayat's jurisdiction, were to be transferred to that Panchayat. The Operational Guidelines of JJM specified that the State Governments were to issue a suitable notification under the Panchayat Raj Act so as to empower GPs to manage in-village water supply systems.

However, Audit observed that such a notification as specified in the KPR Act was not issued by Government till date (November 2024). In the course of GP level survey conducted by Audit, the GPs expressed their inability to take over or maintain in-village infrastructure of water supply schemes due to lack of technical knowhow and monetary constraints. It was also evident from the Focus Group Discussions convened by Audit in test-checked GPs that KWA single-handedly managed the functioning of JJM, whereas the GPs had a limited

role in the planning, implementation and monitoring of schemes within their jurisdiction.

On this being pointed out, Government replied (June 2025) that the works were being executed at GP level with the involvement of elected representatives of GPs. However, the response obtained from the representatives of test-checked GPs in the Focus Group discussions conducted by Audit indicated that the GPs were not involved in the implementation of projects under JJM, in the manner envisaged in the Guidelines of the scheme.

Formal transfer of drinking water management to PRIs through Gazette notification would have empowered PRIs to legally take over the Water Supply Schemes, thereby enabling community ownership and involvement, which were central to JJM.

2.2. Non-formulation of Operation and Maintenance Policy for the schemes implemented under JJM

According to the JJM Guidelines, the responsibility for the management and Operation and Maintenance (O&M) of water supply schemes, as well as the recovery of user charges, lay with the GPs and/or their sub-committees. The Mission Director, National Jal Jeevan Mission (NJJM) stressed upon⁶ the formulation of a comprehensive O&M policy in the State to ensure the sustainability and continuity of water supply systems.

Audit observed that O&M Policy encompassing the key components such as role of stakeholders, guidance in management of schemes, specified skill sets for personnel, etc. has not been formulated and approved by the Government so far. Contravening the constitutional mandate vested upon GPs, the rural water supply schemes in the State were currently operated and maintained by the Government owned autonomous body, KWA, which was also entrusted with the responsibility of collecting user charges for provision of water supply.

The O&M expenses involved recurring costs like expenses on electricity bills, expenditure on maintenance, payment towards staff, cost of chemicals, etc. However, the extent of recovery of water charges by KWA was not sufficient to cover the O&M costs of water supply schemes in the State. This needs to be viewed against the liability of KWA amounting ₹458.54 crore (as on 31 December 2024) towards Kerala State Electricity Board as power charges. As JJM proposed to provide FHTCs to 100 *per cent* of rural households, the O&M expenditure was bound to increase in the ensuing years, which had to be recovered in the form of user charges.

The Focus Group discussions conducted by Audit in test-checked GPs revealed issues relating to frequent breakage of pipes, poor maintenance practices and delayed redressal of complaints, which would have been addressed effectively, had a comprehensive O&M policy been in place. Though JJM Guidelines suggested local communities to be trained on an entrepreneurial mode to execute O&M of the schemes, no such initiative was witnessed in any of the test-checked GPs.

⁶ Vide letters dated May 2021, August 2021 and October 2021 to Additional Chief Secretary, Water Resources Department, GoK

Government stated (June 2025) that as part of the O&M policy of JJM, proposal for rural water supply schemes including handing over of in-village infrastructure to GPs was under consideration of the Government. It was also stated that O&M was required only when the entire scheme was completed and that further actions related to training and maintenance will be taken up once the O&M policy was approved by Government. Since the JJM Guidelines envisaged that O&M policy was to be a part of SAP, delay in framing O&M policy would also delay handing over of in-village infrastructure to GPs.

2.3. Institutional Mechanism under JJM

Being a time-bound mission-mode programme, JJM was in need of a robust institutional framework for its successful implementation. To accomplish the above, a four-tier institutional mechanism was to be set up, viz. National Jal Jeevan Mission at national level; State Water and Sanitation Mission (SWSM) at state level; District Water and Sanitation Mission (DWSM) at district level; and GP/ Sub-committee of GP, i.e., Village Water and Sanitation Committee (VWSC) at GP level.

2.3.1. Village Water and Sanitation Committees

The Village Water and Sanitation Committees were to be set up as sub-committees in each Panchayat, comprising 10-15 members, giving 50 per cent representation to women members. Out of the 21 test-checked GPs, VWSCs were set up (July 2022 and July 2023) only in three GPs⁷ in Kollam District and one GP⁸ in Palakkad District. Audit however noticed that VWSCs in these GPs had not met till date.

The following further observations were made in audit:

- The VWSCs were required to prepare VAPs based on Baseline survey, resource mapping and felt needs of the village community. Irrespective of source of funding, all drinking water-related works in the village were to be taken up on the basis of the VAP. Audit observed that during 2019-24, VAPs were not prepared by the test-checked GPs or its VWSCs during the planning phase. Instead, the VAPs prepared by KWA were seen attested by Secretaries of GPs in eight GPs. However, the documents did not contain vital information such as details of VWSC, water quality, source sustainability, greywater management and convergence with various schemes and programmes, as mentioned in paragraph 2.6.
- Audit scrutiny of a sample of VAPs collected from 21 test-checked GPs revealed that only one GP⁹ had prepared VAP, that too, after the expiry of planning phase.
- None of the 21 test-checked GPs had conducted Baseline survey, which implied that all selected GPs were providing FHTCs without prioritisation and need assessment. Baseline data on household coverage

⁷ Panmana, Kundara, Munroethuruth

⁸ Pattancherry

⁹ Thurayur

prior to 01 April 2019 was not available in these GPs. The Implementation Support Agencies (ISA) depended on secondary data¹⁰ sourced from the GPs to prepare inception reports. In the absence of a realistically assessed number of needy households, the entire number of households in the GP, excluding those with tap connection provided by KWA, were considered as beneficiaries under the scheme. Lack of authentic assessment of requirement of water in a GP contributed to substantial number of disconnections of FHTCs as shown in **Table 2.1**:

Table 2.1: Details of disconnections of FHTCs in test-checked districts as on 01 April 2024

| District | Number of FHTCs provided | Number of FHTCs disconnected | Arrears of billed amount to be recovered (in ₹) |
|-----------|--------------------------|------------------------------|---|
| Palakkad | 1,96,125 | 44,519 | 1,45,86,963 |
| Kollam | 2,50,414 | 36,963 | 2,02,66,016 |
| Kozhikode | 1,15,525 | 4,621 | 41,64,510 |

(Source: e-Abacus and e-Service data of KWA)

It was noticed that of the 4,04,404 FHTCs¹¹ disconnected in the State during the audit period, 2,13,991 (52.92 *per cent*) disconnections occurred in the very same month of providing tap connections. This pointed to the possibility of tap connections being provided without a realistic assessment of the requirement or extent of availability of water.

- The ACS WRD opined during the Exit conference (May 2025) that the key concern in JJM implementation was 100 *per cent* coverage and distribution network which mostly covered multi villages in Kerala, which made VAP irrelevant. Government stated (June 2025) in reply that orders have been issued (August 2020) forming GPWSC instead of VWSC, suiting state specific conditions. It was also stated that Detailed Project Reports (DPR) were prepared by KWA and submitted to GPs and were approved.

The above contention was not acceptable as DPRs which were scheme-specific cannot be considered as a replacement for VAPs, which was to be a comprehensive plan encompassing the core elements of water quality, source sustainability, convergence, etc. Further, Audit also observed that though orders were issued in August 2020 to form GPWSCs, only four of the 21 test-checked GPs had formed GPWSCs.

- As regards Baseline survey, Government replied (June 2025) that COVID pandemic and subsequent shutdowns restricted large scale field verifications in the initial stage. Since the State policy was to provide 100 *per cent* coverage of rural households, there was no requirement for prioritisation. It was also mentioned that data uploaded in e-Abacus and e-Service showed extent of disconnection with respect to connections provided prior to JJM due to non-payment of water charges, unauthorised usages, buildings demolished, etc. Disconnection entry was effected in e-Abacus for HTC connections which will become functional, once the production components were completed.

¹⁰ Data contained in Panchayat records such as total number of building permits issued.

¹¹ The minimum estimated per unit cost for providing FHTCs was ₹5,913.71 as per PRICE 3.0

The above reply on prioritisation was not tenable in the light of instances of non-prioritisation of SC/ST/Aspirational districts, etc. in providing FHTCs, as detailed in paragraphs 4.9 and 4.12 of this Report.

Representatives of GPs had raised concerns regarding water quality in their jurisdiction during the Focus Group Discussions conducted by Audit. Effective Baseline survey would have helped in identifying these issues so as to initiate timely remedial action.

Further, the connections shown in e-Service related to new connections provided under JJM. The payment dues against disconnections indicated that they were functional tap connections and hence were billed. Replies from officers in test-checked KWA divisions and beneficiary survey also revealed that disconnections occurred due to availability of alternate sources of water, which could have been identified during Baseline survey.

2.3.2. District Water and Sanitation Mission

The State Government constituted (June 2020) District Water and Sanitation Missions in all 14 districts of the State. The DWSM was to be headed by the District Collector and included the Executive Engineer, KWA Division at District Headquarters as Member Secretary and one member each of seven departments/projects¹².

Audit observed that the DWSMs in the test-checked districts did not ensure that VAPs were prepared by the GPs falling in their jurisdiction, which were to be consolidated into a DAP. Although a DAP was prepared by DWSM, Kollam district, it did not contain vital information or plans for source sustainability, greywater management, convergence of schemes and water budgeting. DWSM also failed in monitoring the performance of ISAs.

Government stated (June 2025) that the GPs prepared proposals considering the Panchayat-wise habitation based requirement of tap connections. The GPs passed resolutions and submitted the proposals to DWSM for approval of projects. The DWSM submitted the approved proposals to State Level Scheme Sanctioning Committee (SLSSC) for approval of schemes. It was also stated that all individual proposals collectively constituted the DAP and that a single consolidated plan was not possible for a district.

The Government reply substantiated the fact that the crucial stages of preparation of VAPs and their consolidation into DAPs were precluded from being part of the planning process in the State. Resultantly, critical aspects to be included in VAPs, as envisaged in the Operational guidelines of JJM did not find place in the proposals submitted by KWA.

¹² Forest, Health, General Education, Irrigation, Ground Water, Public Relations, Integrated Tribal Development Project (ITDP)

2.3.3. State Water and Sanitation Mission

Audit observed the following with respect to the functioning of SWSM:

- The Apex Committee of the SWSM was mandated to meet at least twice a year and quarterly, if possible. Audit noticed that SWSM had conducted only eight meetings since August 2020, with the last meeting convened in January 2025 after a gap of 15 months.
- Audit scrutiny revealed that the minutes of the meetings did not include any actionable points on the key functions vested upon SWSM, viz., providing for financial planning and timely utilisation of funds, convergence of water supply and sanitation activities, delegation of powers to local governance bodies for managing in-village water infrastructure or inter departmental co-ordination in implementation of projects.
- The decisions taken in Apex Committee meetings, with respect to mobilisation of community contribution, arrangement of water quality testing with the aid of Field Testing Kits, etc. were not addressed/implemented, as detailed in paragraphs 3.2.1 and 5.2 of this Report, indicating inadequate follow-up on implementation of decisions taken by the committee.
- Though the Apex committee of SWSM was assigned with the appraisal and in-principle approval of SAPs¹³ after discussion with Department of Drinking Water and Sanitation (DDWS)/ National Jal Jeevan Mission (NJJM), Audit noticed that no SAP was discussed and approved by SWSM during the audit period. The SAP which was prepared by KWA and seen uploaded in IMIS did not have the mandated approval of Apex committee of SWSM. The above SAP did not also include measures for source sustainability and greywater treatment or identify a long-term comprehensive water security plan.
- Audit also observed that though the Executive Committee was to meet once in a month to facilitate fruitful deliberations, only four meetings were held in the entire five-year audit period, with no meetings convened post November 2023. The minutes of these meetings revealed that though representatives of Irrigation Department, PWD, KSEB and LSGD were members of the Committee, there was hardly any discussion held on topics of relevance to these stakeholders, viz., road restoration, convergence of schemes, etc.

Government stated (June 2025) that detailed discussions were held on SAP and its component water security plan in SWSM meetings. All projects being discussed and approved in SWSM were part of SAP. It was further stated that the different proposals as part of SAP were based on the proposals in DAP and that these proposals were approved by SWSM for implementation.

Audit scrutiny of minutes of SWSM meetings substantiated the fact that the SAP uploaded in IMIS by KWA was not discussed and approved by SWSM.

¹³ Every State was to prepare a five-year State Action Plan wherein annual target of FHTCs and corresponding financial requirements were to be projected

Audit observed that based on instructions of GoI to include source sustainability, revised SAP was approved in the meeting of SWSM and a committee formed to formulate water security plan in January 2025.

Government further stated that State had taken the policy of implementing rural drinking water schemes based on sustainable surface sources, due to which additional programme for sustainability was not considered. However, Audit noticed that, of the three test-checked districts, the surface water sources in two districts were inadequate for supplying water during the distress period. This underscored the need to formulate SAP including source sustainability measures.

2.4. Non-achievement of targets as per the Annual Action Plan

The State was to prepare an Annual Action Plan (AAP) in the month of February, detailing yearly targets commensurate with the annual allocation. The AAP was to emerge from the SAP and was to be approved by DDWS/NJIM. Funds would be released, keeping in view the achievements under AAP. The FHTC targets set in AAP by the State and year-wise percentage of shortfall in achievement were as mentioned in **Table 2.2:**

Table 2.2: Details of shortfall in achievement of FHTC targets in the State

| Year | FHTCs targeted as per AAP | Date of Administrative Sanction (AS) | No. of FHTCs achieved (as per JJM Dashboard) | Shortfall (Percentage of shortfall) |
|----------|---------------------------|--------------------------------------|--|-------------------------------------|
| 2019-20* | 10,10,146 | - | 85,476 | - |
| 2020-21 | 21,42,028 | 1 st – 21.08.2020 | 4,04,464 | 17,37,564 (81.12) |
| | | 2 nd – 24.12.2020 | | |
| 2021-22 | 29,37,564 | 3 rd – 18.09.2021 | 6,63,874 | 22,73,690 (77.40) |
| | | 4 th – 23.02.2022 | | |
| 2022-23 | 32,96,325 | 5 th – 13.05.2022 | 5,29,487 | 27,66,838 (83.94) |
| | | 6 th – 28.10.2022 | | |
| 2023-24 | 14,54,000 | 7 th – 26.10.2023 | 3,66,937 | 10,87,063 (74.76) |

* KWA did not prepare AAP for the year 2019-20. Data for this year was retrospectively sourced from the AAP for 2020-21.

(Source: AAP, AS and JJM IMIS)

Audit observed that the targets for FHTCs were not met in any of the years from 2020-21 to 2023-24. The shortfall in achievement ranged from 74.76 to 83.94 per cent.

On this being pointed out, Government stated (January 2025) that as JJM works were not taken up in 2019-20, the target of first year was added along with that of 2020-21. It was also mentioned that the backlogs of the previous years' targets were included in the AAP of subsequent years, which led to setting of higher targets during the starting period. Government acknowledged that delay in availability of suitable land and obtaining permission from other departments, roads under Defect Liability Period (DLP), etc. slowed down the progress of implementation. Further, the shortage in fund availability caused slow progress in 2023-24.

2.5. Ineffective employment of Implementation Support Agencies

As per the Operational Guidelines of JJM, it was required to engage ISAs in each GP as partners in mobilising and engaging the communities to plan, design, implement, manage, operate and maintain in-village water supply

infrastructure. The Kerala Rural Water Supply and Sanitation Agency (KRWSA) was entrusted with the responsibility of shortlisting and empanelling ISAs. The DWSM was to allot ISAs from the empanelled list to GPs. On selection of an ISA, a tripartite agreement was required to be signed among the DWSM, ISA and GP concerned.

Since ISAs played a critical role in planning, their timely availability in the villages from the commencement of preparation of VAP was essential. However, Audit found that out of 21 test-checked GPs, 18 GPs¹⁴ had engaged ISAs, and in 10 of these GPs, ISAs were engaged only after awarding the work to the contractor, when the planning and mobilisation phase was fully over. This precluded the ISAs from being involved in the core activities¹⁵ executed during this phase.

2.5.1. Unfruitful payment made to ISA

The DWSM Palakkad engaged Kudumbashree, the State Poverty Eradication Mission as ISA in 30 GPs, including the test-checked GPs of Kollengode and Pudunagaram in Palakkad. Though ₹27 lakh was paid to Kudumbashree upon execution of agreement with the GPs, Audit could not trace records of any activity having undertaken by Kudumbashree in these GPs. The DWSM Palakkad stated (January 2025) that the period of contract signed with these GPs had expired and were not renewed due to the inactivity and insufficient performance of Kudumbashree as an ISA.

As per the agreement, if the ISA failed to meet its obligation within the stipulated time of completion, liquidated damages at a rate of 0.50 *per cent* of balance services (subject to a maximum of five *per cent* of the contract value) were to be realised from the ISA. If the ISA failed to complete the services even after levying the maximum of the liquidated damages, the balance portion of the services was liable to be terminated and arranged through other means at the risk and cost of the defaulted agency. However, Audit found that DWSM neither monitored the performance of Kudumbashree as an ISA, nor did it terminate the contract or levy penalties for its inactivity.

The above instance highlighted the need for stricter adherence to selection criteria and performance monitoring mechanisms by the DWSM.

Government replied (June 2025) that payment made to Kudumbashree was given for their initial positioning and that action will be initiated to recover the balance amount from the Agency.

2.6. Convergence with other programmes/schemes

The guidelines of JJM provided for convergence with other programmes/schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Finance Commission (Tied Grant),

¹⁴ In the remaining three GPs, although Kudumbashree was assigned with the role of ISA in two GPs, no agreement was executed between DWSM, Kudumbashree and GPs. In Kadalundy GP, no ISA was engaged as only retrofitting schemes were being implemented under JJM.

¹⁵ Such as facilitating community familiarisation, constitution of sub-committees of GPs, conducting need assessment of FHTCs, undertaking Participatory Rural Appraisal (PRA) activities and capacity-building for GP sub-committees, preparation and approval of VAP, etc.

Integrated Watershed Management Programme (IWMP), Swachh Bharath Mission (SBM) (Grameen), District Mineral Development Fund (DMDF), State schemes like Member of Parliament Local Area Development Scheme (MPLADS), Member of Legislative Assembly Local Area Development Scheme (MLALADS), etc. Source sustainability measures such as aquifer recharge, rainwater harvesting, increased storage capacity of water bodies, reservoirs, de-silting, bore well recharge structures, watershed management, water conservation, etc. were to be undertaken through convergence. Convergence with Pradhan Mantri Koushal Vikas Kendra (PMKVK) was to be explored on priority and on continuous basis to meet the huge requirement of capacity building of skilled human resource such as masons, pump operators, plumbers, electricians, motor mechanics, etc. for construction and O&M.

The DWSM was entrusted with the responsibility to identify the sources of convergence to meet the requirements and to ensure availability of funds for source sustainability works and greywater management to be executed through convergence. Clearance to projects was to be given only if these components were part of DPR.

Audit noticed that, in the test-checked districts, no convergence plan with other programmes/schemes implemented by the State was formulated to facilitate utilisation of labour and financial resources for execution of projects through convergence, under JJM.

Government did not furnish specific reply to the above observations of Audit.

Recommendations

- ***Government may consider issuing notification under the KPR Act to facilitate devolution of drinking water management to PRIs in line with the 73rd Amendment to the Constitution of India, to facilitate community ownership and involvement.***
- ***Government may draw out a comprehensive action plan including measures for source sustainability and greywater management under JJM.***
- ***Government may ensure that a comprehensive O&M policy is formulated for projects implemented under JJM to cater to the sustainability and continuity of water supply systems.***
- ***Government may ensure that Baseline surveys are undertaken in case of large, beneficiary oriented projects at the start of the project itself, to enable assessment of the percentage of households with access to safe drinking water in a village.***
- ***Government may ensure that Village Water Sanitation Committees are constituted in all GPs in the State and that they function effectively as part of a decentralised and participatory institutional framework for implementation of JJM.***