

CHAPTER III FINANCIAL MANAGEMENT

The total outlay on the Grant XX-Water Supply and Sanitation during the period 2020-24 of implementation of JJM was only ₹6,577.52 crore. We observed that though the projected requirement of funds to the tune of ₹44,714.79 crore for JJM was more than six times the total outlay on the grant, GoK, while approving the proposal for fund requirement, did not identify the sources for mobilising sufficient funds for completing the schemes under JJM.

Only four of the 21 test-checked GPs collected the community contribution, and that too, partially. The collected amount was kept in the own fund account of the GPs and was not remitted to the Single Nodal Account (SNA) for JJM. Against the estimated local body contribution of ₹999.07 crore, only ₹24.65 crore was received from GPs, resulting in short collection of ₹974.42 crore.

In violation of the guidelines, ₹24.71 crore was expended as centage charges from JJM funds for road restoration works in test-checked divisions. As of 15 August 2024, 3,709 bills totalling ₹3,578.47 crore were pending for payment, which caused many contractors to halt or slow their work. Additionally, 453 work packages valued at ₹3,625.72 crore remained unawarded due to lack of bidder participation, stemming from concerns over delayed payments. During the period 2021-22 to 2023-24, ₹24.13 crore was transferred as security deposit/ bank guarantee for JJM projects under the test-checked divisions, which was not refunded to SNA so far.

The funds for JJM were to be shared between the Government of India (GoI) and the Government of Kerala (GoK) in the ratio of 50:50¹⁶. The fund allocated to a State/UT was to be utilised up to five *per cent* and two *per cent* for support activities and Water Quality Monitoring and Surveillance (WQMS) activities respectively. The balance funds were to be utilised to provide Functional Household Tap Connections (FHTC) to rural households. Funds for Scheduled Castes (SC) and Scheduled Tribes (ST) were to be earmarked in the State at least in proportion to their population. The funding pattern for support activities and WQMS activities was in the ratio of 60:40 between GoI and GoK. For in-village schemes, the community was required to contribute in cash and/or kind and/or labour, five *per cent*¹⁷ or 10 *per cent* of in-village infrastructure capital expenditure.

3.1. Financial progress of JJM

As per paragraph 7.8 of the scheme guidelines, annual allocation of funds was to be made in two equal instalments and each instalment, in two equal tranches. The first tranche, which was to be 50 *per cent* of the first instalment, was to be issued in April, based on fund utilisation shown in the Public Financial

¹⁶ The expenditure of JJM is shared by the GoI and the State Government in the ratio of 90:10 (in case of Himalayan and North-Eastern states (NE) and Union Territories with Legislature), 50:50 (in case of other states) and 100:0 in case of Union Territories without Legislature.

¹⁷ In hilly and forested areas.

Management System (PFMS) / Integrated Management Information System (IMIS) portals. The second tranche was to be released when 75 per cent of the available funds (opening balance and the first tranche) were utilised.

The remaining share of the first instalment, adjusted for excess opening balance, was to be released after the State spent at least 75 per cent of the available funds. The second instalment, which formed 50 per cent of the total allocation, was to be phased in two tranches, with the second tranche issued after 75 per cent utilisation of available fund and submission of UCs for amount utilised.

The pattern of release of JJM funds by GoI and GoK and its utilisation for the period 2019-20 to 2023-24 was as shown in **Table 3.1**.

Table 3.1: Release and utilisation of JJM funds

(₹ in crore)

Year	Opening Balance		GoI Release	GoK release			Expenditure		Closing Balance	
	GoI	GoK		GoI share	GoK share	Total	GoI	GoK	GoI	GoK
2019-20	0	0	101.29*	25	25	50 [#]	62.26	63.70	0.80	-0.64
2020-21	0.80	-0.64	303.18*	379.47	379.47	758.94 [@]	304.29	317.62	37.92	23.15
2021-22	37.92	23.15	1353.45*	451.15	1353.45	1804.60	957.44	1059.57	433.92	317.02
2022-23	433.92	317.02	2206.54	Nil	1616.29	1616.29	1741.93	1741.68	898.53	191.63
2023-24	898.53	191.63	671.18	Nil	1207.16	1207.16	1457.18	1434.63	104.28	-49.74
Total			4635.64	855.62	4581.37	5436.99	4523.10	4617.20		

* The tranches of 2019-20 and 2020-21 and the first tranche of 2021-22 were released to GoK by GoI. GoK was required to release these funds to KWA along with matching state share. The subsequent tranches were released direct to SNA of KWA by GoI.

[#] During 2019-20, GoK was required to release ₹202.58 crore. However, GoK released ₹50 crore only and ordered to transfer ₹152.58 crore from the deposits of Local Self Governments (LSG) with KWA. KWA temporarily transferred ₹75 crore from LSG deposits and ₹1.12 crore available with KWA to JJM account. Therefore, the fund available for JJM was ₹126.12 crore (₹50 crore + ₹76.12 crore) i.e., ₹63.06 crore under GoI share and ₹63.06 crore under GoK share. Thus, the closing balance was ₹0.80 crore (₹63.06 crore – ₹62.26 crore) and ₹-0.64 crore (₹63.06 crore - ₹63.70 crore).

[@] During 2020-21, available fund was ₹682.82 crore after returning the funds received from other sources during 2019-20 ((₹758.94 crore - ₹75 crore - ₹1.12 crore) + Opening Balance).

(Source: Fund release orders by GoI and GoK and details furnished by KWA)

Audit noticed lapses in financial management of the scheme, which are detailed in the following paragraphs:

3.1.1. Non-identification of sources for funding

As per the Operational Guidelines for the implementation of JJM, 2019, the SWSM/ DWSM was required to prepare year-wise financial plans by pooling all available resources for rural drinking water supply like the Central fund, State fund, funds of other programmes, Member of Parliament Local Area Development Scheme (MPLADS), Member of Legislative Assembly Local Area Development Scheme (MLALADS), District Mineral Development Fund (DMDF), Corporate Social Responsibility (CSR) fund, donations, etc. The Annual Action Plan (AAP) of the State was to emerge from the approved State Action Plan (SAP). The AAP was to be approved by the Department of Drinking Water Supply (DDWS)/National Jal Jeevan Mission (NJJM), based on consultation with the respective State/UT and funds released, keeping in view the achievements under AAP.

The JJM was introduced by GoI during 2019-20 and during the period from 2020-21 to 2023-24, GoK accorded administrative sanction for providing piped

drinking water to 54.45 lakh rural households at a total cost of ₹44,714.79 crore, as detailed in **Table 3.2**.

Table 3.2: Details of FHTCs sanctioned and estimated cost

Date of Sanction	Targeted FHTCs (Number in lakh)	Estimated cost (₹ in crore)
21.08.2020	16.48	4,343.89
24.12.2020	5.17	2,313.11
18.09.2021	14.00	11,551.23
23.02.2022	11.51	13,090.88
13.05.2022	5.74	7,652.87
28.10.2022	0.45	1,251.63
26.10.2023	1.10	4,511.18
Total	54.45	44,714.79

(Source: Government Orders issued by Water Resources Department, GoK)

The GoK submitted AAP to DDWS from the financial year 2020-21 onwards, detailing the financial as well as physical targets for each year. Comparison of funds proposed in the AAP as required by the State for JJM, with the funds allocated and released by the State through budget was as shown in **Table 3.3**:

Table 3.3: Comparison of funds proposed in AAP with funds released through State Budget

	(₹ in crore)			
	2020-21	2021-22	2022-23	2023-24
Budget outlay on 'Water Supply and Sanitation'	1,439.68	1,524.95	2,303.15	1,309.74
Budget Allocation for State share of JJM	400.00	400.00	500.00	500.00
Funds required as State share of JJM as per AAP	2,912.92	7,463.56	13,978.97	2,223.00
Funds released as State share of JJM	379.47	1,353.45	1,616.29	1,207.16
Funds expended out of State share	317.62	1,059.57	1,741.68	1,434.63
Percentage of State share allocated against the requirement	13.73	5.36	3.58	22.49
Percentage of State share released against the requirement	13.03	18.13	11.56	54.30

(Source: Budget documents of GoK and Annual Action Plan of JJM)

The fund allocated by the State for JJM ranged between 3.58 per cent and 22.49 per cent of the requirement as per AAP for the period 2020-21 to 2023-24. While granting administrative sanctions in August 2020 and December 2020, GoK had estimated to meet 10 per cent of the project cost from community contribution and 15 per cent of State share from local body contribution. Estimated sources of finance were not mentioned in subsequent sanctions issued in 2021, 2022 and 2023.

Audit noticed that the total outlay on the Grant XX - Water Supply and Sanitation during the period 2020-24 of implementation of JJM was only ₹6,577.52 crore. Despite the fact that the projected requirement of funds to the tune of ₹44,714.79 crore for JJM was more than six times the total outlay on the grant, GoK, while approving the proposal for fund requirement, did not envision the sources for mobilising these funds for implementing the schemes under JJM.

Though GoK decided (August 2020) to source funds from MLALADS for meeting the expenditure under JJM, in the case of GPs which could not raise

sufficient local body contribution and community contribution, SWSM did not take any steps in this direction. The possibility of mobilising funds from other programmes such as CSR fund, donations, etc. was also not explored.

Audit noticed that KWA had submitted (September 2023) a proposal for availing financial assistance from World Bank and for obtaining Kerala Infrastructure Investment Fund Board (KIIFB) assistance (September 2024). Government stated (June 2025) in reply that the above proposal did not materialise due to limitation in borrowing power of the State. It was also stated that proposal for institutional funding by National Bank for Agriculture and Rural Development (NABARD) and Housing and Urban Development Corporation Limited (HUDCO) for State share was currently under consideration of the Government.

Regarding non-identification of resources for funding, the Additional Chief Secretary, WRD stated (May 2025) in the Exit Conference that the projected requirement was for entire scheme period and funds would be made available as and when required, by invoking the provisions of reappropriation and additional authorisation.

The reply of ACS was not borne by facts on the ground, as evidenced by the huge liability of GoK in paying the long pending bills of contractors as mentioned in Paragraph 3.3 of this Report, which established paucity of funds. Further, proposals being mooted with the contention that funds would be made available as and when required, was not in alignment with the principles of efficient financial management.

3.1.2. Delay in release of matching State share and consequent non-release of GoI instalments

The first tranche of the second instalment was to be released as and when the State submitted provisional Utilisation Certificates (UC) for the current year for the amount equivalent to 75 per cent of available balance, final UCs for GoI and GoK share for the previous year, etc. As soon as the utilisation of available fund (GoI and State shares) exceeded 75 per cent, the second tranche of the second instalment was to be released. The releases by GoI to GoK were to be made to the State treasuries from where the funds could be released to SNA, within 15 days.

Audit observed the following with respect to funds released by GoI and GoK during the period 2019-20 to 2023-24, which were marked by delay as shown in **Appendix 3.1**:

- During 2019-20, GoI released ₹101.29 crore to GoK on 28 August 2019 and GoK was required to release ₹202.58 crore including matching state share before 12 September 2019. However, GoK released (December 2019) only ₹50 crore to KWA and the fund equivalent to the GoI share was released only in the subsequent financial year on 08 June 2020, with a delay of 270 days. The delay in release of the balance fund was 291 days from the date of GoI release. Thus, against the GoI allocation of ₹248.76 crore in 2019-20, GoK could obtain ₹101.29 crore only, resulting in a short release of GoI funds by ₹147.47 crore.

- GoI released part of first instalment of the first tranche for 2020-21 to GoK on 30 May 2020. However, GoK released the amount with matching State share on 06 November 2020 only, causing a delay of 145 days. Since each release of GoI was based on the release of matching State share of the previous GoI release and expenditure met therefrom, the initial delay in release of matching share delayed subsequent releases from GoI and resulted in foregoing of GoI share of ₹101.06 crore during the year.
- During 2021-22, GoK issued orders on 31 May 2021 to release the GoI share and the matching State share of first tranche of first instalment, amounting to ₹902.30 crore. However, the amount was credited to the JJM bank account in part payments on 10 June 2021, 18 June 2021 and 12 July 2021 only. Thus, GoK took 42 days to credit the entire funds from the date of issuance of order. This affected the release of further funds by GoI and GoI funds fell short by ₹451.14 crore compared to allocation.
- The delay in release of GoK share of first and second tranches of first instalment during 2023-24 extended to 44 and 26 days respectively. Audit further noticed that the matching share of second tranche of first instalment released on 11 December 2023 (₹327.76 crore) was credited to SNA in parts, on 31 January 2024 and 22 March 2024 only, with a delay of three months and 11 days. Thus, GoK actually released the matching State share of the second tranche of the first instalment of GoI share by the fag end of the financial year only. This also acted as one of the reasons for non-release of second instalment of GoI share to GoK, and GoI share fell short by ₹671.18 crore compared to the allocation.

GoI had instructed (March 2023) the State to make sufficient provision in budget for the matching State share, so that, delays in central releases on account of non/delayed transfer of matching State share to the SNA could be avoided. From **Table 3.3**, it is evident that insufficient provision of funds in budget caused delays in release of funds by GoK.

Audit observed that the availability of funds during the initial years of implementation could have been ensured, had GoK exercised due diligence in the timely transfer of funds to the SNA. This was all the more evident from the fact that GoI fund was available without much delay from 2020-21 onwards, when GoI started releasing funds directly to SNA.

Audit observed that, against GoI allocation of ₹6,006.49 crore, the released amount was ₹4,635.64 crore only, resulting in non-receipt of GoI share to the extent of ₹1,370.85 crore.

GoK replied (June 2025) that the major delays occurred in financial year 2019-20 as there were challenges during the initial phase of JJM due to COVID-19, delay in land acquisition, non-availability of clearance from various departments, etc. However, the reply was silent about the delay in release of State share during 2021-24.

3.2. Community contribution and local body contribution

3.2.1. Improper accounting of community contribution

To provide FHTCs to all rural households, in-village water supply infrastructure was to be created through Single Village Scheme (SVS)/ Multi Village Scheme (MVS)/ solar power-based stand-alone schemes for scattered areas. For in-village piped water supply infrastructure and related source development to be implemented by GP/VWSC, the communities were to contribute 10 *per cent* of the capital cost¹⁸. The community contribution made in cash towards in-village infrastructure creation was to be deposited in the respective Bank account of GP/VWSC jointly operated by the chairperson of GP/VWSC and respective Panchayat Secretary.

Audit noticed that some individuals remitted the contribution directly to SNA during 2020-21 and 2021-22. The details of such remittances, *viz.*, the work for which contribution was paid, GP in which the depositor resides, etc., were not traceable. The community contribution thus received amounted to ₹3.69 lakh. In the survey conducted by Audit in the 21 test-checked GPs, Secretaries of 19 GPs¹⁹ stated that they had not opened a dedicated bank account for depositing the community contribution collected.

Audit scrutiny of records in 21 GPs revealed that only four GPs²⁰ collected the community contribution. The collected amount (₹131.40 lakh) was kept in the own fund account of the GPs and was not remitted to the SNA for JJM as community contribution.

GoK replied (June 2025) that, from the inception of the scheme, Government has been releasing funds on behalf of the GPs and beneficiaries in order to meet the deadlines. It was also stated that GPs were collecting the beneficiary contributions and remitting to SNA of JJM and further action would be taken through LSGD to transfer the amount remaining with the GPs to the SNA.

Contrary to the above, 17 out of 21 test-checked GPs had stated to Audit that they have not collected community contribution. Further, the contribution collected by the remaining four GPs were not seen remitted to SNA. The contention that Government has been releasing funds on behalf of the beneficiaries was not also tenable, as it can be seen from **Appendix 3.1** of this Report that GoK released funds equal to or less than GoI share during 2019-20 to 2023-24 and no additional fund for community contribution was released by GoK.

3.2.2. Non-collection of Local Body contribution

For the schemes sanctioned in August 2020 and December 2020, GoK had formulated fund sharing pattern with local body contribution amounting ₹999.07 crore, being 15 *per cent* of the estimated cost of ₹6,660.46 crore²¹. The

¹⁸ In villages other than hilly and forested areas, NE and Himalayan States and villages having more than 50 *per cent* SC/ST population.

¹⁹ Kadalundy GP opened a new account and Vadavannur GP did not participate in the survey.

²⁰ Panayam, Pattancherry, Olavanna and Kadalundy

²¹ AS amounts of ₹4,343.89 crore + ₹2,316.57 crore (₹2,313.11 crore + ₹0.61 crore for providing FHTCs to Anganwadis + ₹2.85 crore for providing CWPPs in water quality affected habitations)

contributions from GPs remitted to the SNA of JJM during the period from 2020-21 to 2023-24 amounted to ₹24.65 crore only, as shown in **Table 3.4**.

Table 3.4: Details of contribution from local bodies

Year	Local body contribution (₹ in crore)
2020-21	13.01
2021-22	6.64
2022-23	2.64
2023-24	2.36
Total	24.65

(Source: Data furnished by KWA)

Further, the detailed statement of contribution did not contain details such as name of GP, amount of contribution received, work for which earmarked, etc. in all cases.

Accepting the audit observation, GoK stated (June 2025) that the Mission Director had requested (February 2025) the Principal Director of Panchayats to take urgent steps to remit the contribution amounting to ₹1,522.75 crore for the completed projects.

3.2.3. Blocking up of community contribution and local body contribution

Even as sufficient funds were not forthcoming in the form of community contribution/ and local body contribution, Audit observed that the amount received as contribution was not seen utilised for execution of projects under the scheme. As of 31 March 2024, though ₹24.69 crore was at the disposal of the implementing agency as contributions from GPs and communities, this was not utilised to pay off the amount which was due to contractors.

GoK replied (June 2025) that since the local body contributions were paid directly from the accounts of GPs to the SNA, transaction details were not relayed from the State's Integrated Financial Management System (IFMS) to PFMS. Consequently, the amounts deposited by the GPs were not recorded as part of State's share in the PFMS and hence these funds remained inaccessible in the SNA.

In the absence of clear cut directions from Government, a sum of ₹24.69 crore contributed by GPs/communities remained unavailable for meeting expenses in connection with the implementation of schemes under JJM.

KWA has not taken up the constraints in utilisation of such funds with GoK and sought for directions for utilisation.

3.3. Pendency in payment to contractors

The guidelines of JJM specified that on completion of work, the bill for claiming payment was to be submitted by the contractor and the payment was to be made within 30 to 45 days after third party inspection. As of 15 August 2024, 3,709 bills totaling ₹3,578.47 crore were pending for payment and 453 work packages valued at ₹3,625.72 crore remained unawarded, due to lack of bidder participation, stemming from concerns over delayed payments in the State. Delay in payment caused many contractors to halt or slow their work. The

details of pendency in payment to contractors in the test-checked divisions of KWA were as mentioned in **Table 3.5**.

Table 3.5: Details of bills due for payment to contractors in the test-checked divisions of KWA

SI No.	Name of Division	No. of bills	Amount due (₹ in crore)
1	Project Division, Kollam	128	88.67
2	Public Health Division, Kollam	65	15.42
3	Public Health Division, Kottarakkara	114	30.84
4	Project Division, Palakkad	125	233.13
5	Public Health Division, Palakkad	33	7.49
6	Project Division, Chittoor	75	77.19
7	Project Division, Kozhikode	228	507.41
8	Public Health Division, Kozhikode	34	65.33
9	Public Health Division, Vadakara	65	80.61
	Total	867	1,106.09

(Source: KWA website)

As delay in payment to contractors would directly impact upon the pace in progress of work, sufficient financial resources were to be harnessed to find a solution to the problem.

GoK replied (June 2025) that despite the State fulfilling all stipulated conditions and meeting its obligations under the JJM for the financial years 2023-24 and 2024-25, GoI has not released the second tranche of funds for both 2023-24 and 2024-25, which resulted in paucity of funds to pay the pending bills.

The contention of GoK that the State had fulfilled all stipulated conditions under JJM for 2023-24 was not tenable, as the delay in receipt of GoI funds was due to the delay in actual release of matching State share as detailed in **Appendix 3.1**.

3.4. Double booking of GST in road restoration charges

The JJM works in Palakkad district also involved laying of pipes under PMGSY²². Audit examined a few works, in which road restoration charges were deposited by KWA in favour of PMGSY (**Appendix 3.2**).

The road restoration estimates were calculated by PMGSY authorities on the basis of unit rates mentioned in the circulars²³ issued by PWD, which included cost index and GST at 18 per cent. However, PMGSY authorities, while arriving at the final road restoration figures, included GST at 18 per cent additionally in the estimate, resulting in double payment of GST charges by KWA from JJM funds.

Lapse on the part of KWA officials in scrutinising the restoration estimate furnished by PMGSY authorities resulted in the mistake going undetected, which led to avoidable payment of ₹87.19 lakh as GST.

GoK replied (June 2025) that the matter would be taken up with the authorities of the PMGSY and any discrepancies identified in the GST component would

²² Pradhan Mantri Gram Sadak Yojana

²³ Rates published vide circulars CE(R&B)/GL-RL/2/2018 dated 30.03.2019 and CE (PWD)/2675/2021-C4(W) RD dated 10.02.2023

be duly accounted for by reducing the corresponding amount from future payments, subject to mutual agreement between both the parties.

3.5. Irregular spending of GoI funds on schemes designed for more than 55 lpcd

As per the JJM guidelines, the service level of potable drinking water supply should be at least 55 lpcd²⁴. However, States were empowered to enhance the same to higher level depending on availability of drinking water sources, for which additional financial resources that may be required, were to be met by the State Government/local community/donors. On verification of IMIS data, it was noticed that the expenditure incurred for execution of the schemes in test-checked GPs was shared equally between GoI and GoK, despite these schemes providing water in excess of 55 lpcd (**Appendix 3.3**). Thus, the additional cost incurred for supply exceeding 55 lpcd was charged to GoI also, which was in violation of the guidelines.

GoK replied (June 2025) that JJM projects were prepared with a service level of 100 lpcd, considering state-specific conditions, water consumption patterns and projected future growth. In accordance with GoI directions issued in January 2024, the State had reconciled the costs and determined a total amount of ₹3,656.19 crore as additional cost for providing higher service level than prescribed, which would be adjusted in State share.

The reply indicated that the additional cost was yet to be adjusted from the State share. Moreover, verification of IMIS data relating to the above works revealed that additional cost incurred for 100 lpcd service level was not seen reckoned for four works²⁵.

3.6. Inadmissible payment of centage charges

As per JJM guidelines, no centage²⁶ was to be charged from grant-in-aid to be provided from the JJM funds. In case such necessity arose, the same would be the responsibility of the State Government.

The implementing agencies of JJM obtained road cutting permission for the execution of works by remitting the road restoration charges²⁷ demanded by Public Works Department (PWD). It was noticed in the test-checked divisions of KWA that centage charges were not excluded from road restoration charges while making payment to PWD. The expenditure was booked under central and state shares equally, thereby utilising GoI funds to the tune of ₹24.71 crore for centage charges (**Appendix 3.4**).

GoK replied (June 2025) that the issue was deliberated upon during a high level meeting chaired by the Hon'ble Chief Minister of the State (March 2025) and that the matter was currently under consideration of Department of Finance, GoK.

²⁴ litres per capita per day

²⁵ Sl. Nos 1, 6, 12 and 13 of **Appendix 3.3**

²⁶ Charges levied by Government for work executed on behalf of another Government, local body or private party.

²⁷ The rates fixed included cost index, centage charges and GST. The rate of centage charges included in the road restoration charges was 12.50 per cent w.e.f. May 2018 and 13.78 per cent w.e.f. February 2023.

3.7. Expenditure on Security deposit/bank guarantee booked as final expenditure from JJM funds

A security deposit of 10 *per cent* of the restoration amount required for the road cutting area was to be remitted to PWD by KWA. This was to be released 28 days after the Defect Liability Period (DLP) of the restoration work or DLP of the existing road (if any), whichever was later. The KWA was to submit the security deposit in the form of Treasury Savings Deposit/Bank Guarantee for obtaining sanction.

Audit noticed that, during the period 2021-22 to 2023-24, ₹24.13 crore was transferred from JJM funds as security deposit/ bank guarantee for JJM projects under the test-checked KWA divisions as detailed in **Table 3.6**:

Table 3.6: Details of security deposit/ bank guarantee for JJM projects under the test-checked Divisions

(₹ in lakh)		
Year	Name of Division	Expenditure on security deposit / bank guarantee
2021-22	Project Division, Kozhikode	366.21
	Total	366.21
2022-23	Project Division, Chittur	411.04
	Project Division, Kozhikode	1,416.69
	Project Division, Kollam	1.41
	Project Division, Palakkad	32.25
	Total	1,861.39
2023-24	Public Health Division, Vadakara	67.18
	Project Division, Kozhikode	39.52
	Project Division, Palakkad	78.65
	Total	185.35
Grand Total		2,412.95

(Source: Details of expenditure furnished by KWA)

Since the security deposit/ bank guarantee was a refundable sum to be deposited for a specific period of time, charging the same as final expenditure under JJM was not justifiable. As the JJM funds were shared between GoI and GoK, amount expended for security deposit/ bank guarantee from JJM funds would have a bearing on GoI also. No amount drawn as security deposit/bank guarantee was refunded to SNA so far.

GoK replied (June 2025) that the KWA Divisions were directed to report any such instances of fund utilisation for taking appropriate corrective action and to ensure that they were not repeated in the future.

3.8. Mismatches noticed in the accounts of JJM

Consequent to the release of ₹101.29 crore by GoI in August 2019, GoK released (December 2019) ₹50 crore to KWA for the implementation of JJM. KWA deposited the amount in the then existing SB account²⁸. An amount of ₹75 crore from Local Self Government (LSG) deposits was credited to the account on 18 February 2020. Funds under the scheme of Niti Aayog, National Water Quality Sub Mission (NWQSM), balance fund returned by District Collector, Thrissur, etc. were also credited to the account.

²⁸ ₹1.27 crore was available in the account. This account was operationalised as the SNA of JJM.

Audit verified the accounts of JJM for the period 2019-24 and the following were observed:

- The scheme-wise expenditure statement of KWA for the period 2019-20 contained expenditure on work bills amounting to ₹123.17 crore. However, the Cheque Memo Register (CMR) for the period mentioned about work bills worth ₹18.54 crore only.

GoK replied (June 2025) that during 2019-20, pending National Rural Drinking Water Programme (NRDWP) bills²⁹ were paid using bill discounting system. Though payments were made, the expenditure was booked as and when the funds were received from GoI and the bills met their turn as per seniority. Further, as the expenditure was temporarily met using funds available with KWA, the same was not reflected in the scheme-specific account at that time.

The reply was not tenable, as all funds received for JJM including the amount temporarily utilised by KWA were transferred to the scheme-specific account of JJM, the expenditure should have been reflected in the JJM account. Moreover, non-submission of vouchers to Audit in support of the expenditure during the period obviated the possibility of confirmation of genuineness of expenditure.

- As per the consolidated expenditure statement furnished by KWA, total expenditure for 2020-21 was ₹621.91 crore, whereas the Division-wise statement showed an expenditure of ₹621 crore only, resulting in a shortage of ₹91 lakh.

GoK confirmed (June 2025) in reply that the expenditure for 2020-21 amounted to ₹621.91 crore. No clarification was offered for the shortage of ₹91 lakh as pointed out by Audit.

GoK also assured that corrective measures will be implemented to improve the accuracy and consistency of reporting in the future.

Recommendations

- ***Government may frame a clear road map for prioritising requirements under JJM and mobilising adequate financial resources to meet these requirements.***
- ***Government may initiate action for the timely release of State share of funds for JJM and initiate steps to collect contributions from community and local bodies, promoting sense of ownership and increased participation in implementation of the scheme.***

²⁹ Schemes were carried over to JJM from erstwhile NRDWP.