

## **CHAPTER – III**

# **FINANCIAL MANAGEMENT**



## Chapter III

### Financial Management

#### 3. Financial Management

JJM is a time-bound mission mode programme and for its successful implementation, robust financial planning, timely funding, mobilization of adequate resources and prudent utilization of funds are pre-requisites. Audit observation on funding and expenditure thereof is detailed below.

##### 3.1 Delay in release of Central and State share of JJM fund

The Central and State share of JJM funds for 2019-20 were released by the WSSD to the IAs. In 2021-22, the SNA module of Public Finance Management System (PFMS) was implemented for transfer of funds. Para 7.8 of the JJM Guidelines provides that the first tranche of the first installment after subsuming excess opening balance will be released in the month of April. The release of the second tranche of the first installment will depend on its utilization. For the release of the second installment, financial progress shall be assessed based on the following documents to be submitted by the State, *i.e.*, provisional Utilization Certificate (UC) for the current year, Audited Statement of Accounts (ASA) for the previous year and final Central and State UCs for the previous year.

As per data furnished by SWSM, against the admissible allocation of ₹ 59,740.99 crore during 2019-24, the total amount of installments/tranches received (Centre and State) was ₹ 27,657.56 crore<sup>9</sup> *i.e.*, 46.30 per cent. Release of Centre and State share is detailed in **Table 3**.

Table 3: Details of funds released during the year

(₹ in crore)

Year	Centre/ State share	Total allocation admissible to Maharashtra from Centre /Matching State Share#	Release of first installment		Release of second installment	
			First tranche	Second tranche	First tranche	Second tranche
2019-20	Centre	847.97	369.76*	Nil	Nil	Nil
	State	324.15	355.19	Nil	Nil	Nil
	Total	1,172.12	724.95	Nil	Nil	Nil
2020-21	Centre	1,828.92	471.92*	Nil	Nil	Nil
	State	450.38	466.21*	Nil	Nil	Nil
	Total	2,279.30	938.13	Nil	Nil	Nil
2021-22	Centre	7,064.41	1,666.64	Nil	Nil	Nil
	State	1,747.62	1747.62	Nil	Nil	Nil
	Total	8,812.03	3,414.26	Nil	Nil	Nil

<sup>9</sup> Amount of ₹ 27657.56 crore is not matching with the amount shown as fund release as per UC (Table 2 and 4) *i.e.* ₹ 27559.26 crore. Department stated that it was due to prior year grants received during the year, funds in transit and fund of ₹ 23.35 crore in SNA account for the payment of salaries of regular staff at State level.

Year	Centre/ State share	Total allocation admissible to Maharashtra from Centre /Matching State Share#	Release of first installment		Release of second installment	
			First tranche	Second tranche	First tranche	Second tranche
2022-23	Centre	7,600.00	1,957.81	1,957.81	Nil	Nil
	State	2,746.58	1,912.13	1,912.13	Nil	Nil
	Total	10,346.58	3,869.94	3,869.94	Nil	Nil
2023-24	Centre	21,465.88	1,861.07	1,861.07	1,861.07	1,861.07
	State	15,665.08	1943.14*	1,817.64	1,817.64	1,817.64
	Total	37,130.96	3,804.21	3,678.71	3,678.71	3,678.71
<b>Grand Total</b>		<b>59,740.99</b>	<b>12751.49</b>	<b>7,548.65</b>	<b>3,678.71</b>	<b>3,678.71</b>

Source: Information furnished by SWSM \* includes prior year grant<sup>10</sup>

# Information with respect to allocation admissible is worked out by the SWSM, however, basis for this working has not been shared with audit.

Following can be seen from **Table 3**:

1. Across all five years, Maharashtra was admissible for ₹ 59,740.99 crore, but the total releases (Centre + State, all tranches) were only ₹ 27657.56 crore i.e. about 46.30 *per cent* of admissible allocation. This points to a systemic absorption / implementation bottleneck, not merely a funding issue. Such a large gap cannot be explained by procedural delays alone.

2. There were short releases in first three years (2019-20 to 2021-22) despite high admissible allocations. This strongly suggests inability to meet preconditions of submission of UC and ASA for release of instalment. Final UC and ASAs of each FY were required to be submitted to the GoI within six months from the close of FY. However, the UCs for the years 2019-20 to 2023-24 were submitted with delay ranging from three to 14 months. Similarly, ASAs for the years 2019-20 to 2023-24 were submitted with delays ranging from three to 14 months as discussed in **Paragraph 3.7**. As such, there were delays in fulfilling the precondition for release of installment of JJM fund i.e. timely submission of UCs and ASAs.

3. It can also be seen from the above table that there was a sudden spike in admissible allocation in 2023-24 (₹ 37,130.96 crore) with Centre admissible share of ₹ 21,465.88 crore and State admissible share of ₹ 15,665.08 crore. However, both Centre and State released roughly equal amount in total four tranches of two instalments (₹ 14,840 crore) which was 39.96 *per cent* of the admissible amount.

The massive scale-up in allocation without commensurate releases indicates that plan for the scheme period i.e. 2019-24 was not made effectively resulting in non-uniform implementation of JJM. This is evident from the fact that out of

<sup>10</sup> Prior year grant received in respective years are 2019-20 - ₹ 24.48 crore (Centre Share), 2020-21 ₹ 14.69 crore (Centre Share) and ₹ 15.83 crore (State Share) and in 2023-24 - ₹ 125.49 crore (State Share).

total WSS undertaken in 2019-24, 75 per cent WSS were taken up in 2021-23 alone. This is indicative of poor alignment between planning and implementation capacity.

Further, persistently low releases vis-à-vis admissible allocations, indicate significant deficiencies in planning readiness and execution capacity, which have adversely impacted the pace of implementation of JJM in the State.

In the Exit Conference (December 2025), Government accepted that during 2019-20 to 2021-22, the non-receipt of remaining tranches/ instalments was because the condition of the required expenditure, for getting further release of subsequent tranche/installment, could not be met.

### 3.2 Expenditure incurred vis-à-vis fund flow

During the year 2019-24, fund of ₹ 27,559.26 crore (Central and State share) was received and an expenditure of ₹ 26,410.51 crore was incurred during this period as shown in **Table 4**.

**Table 4: Details of funds received and expenditure incurred**

Year	Central and State share receipts			Expenditure		
	Central	State	Total	Central	State	Total
2019-20	369.76	355.19	724.95	352.11	468.44	820.55
2020-21	471.92	446.33	918.25	537.11	429.52	966.63
2021-22	1680.55	1757.46	3438.01	540.69	470.64	1011.33
2022-23	3915.62	3847.61	7763.23	3251.30	3076.35	6327.65
2023-24	7444.26	7270.56	14714.82	8629.43	8654.92	17284.35
<b>Total</b>	<b>13882.11</b>	<b>13677.15</b>	<b>27559.26</b>	<b>13310.64</b>	<b>13099.87</b>	<b>26410.51</b>

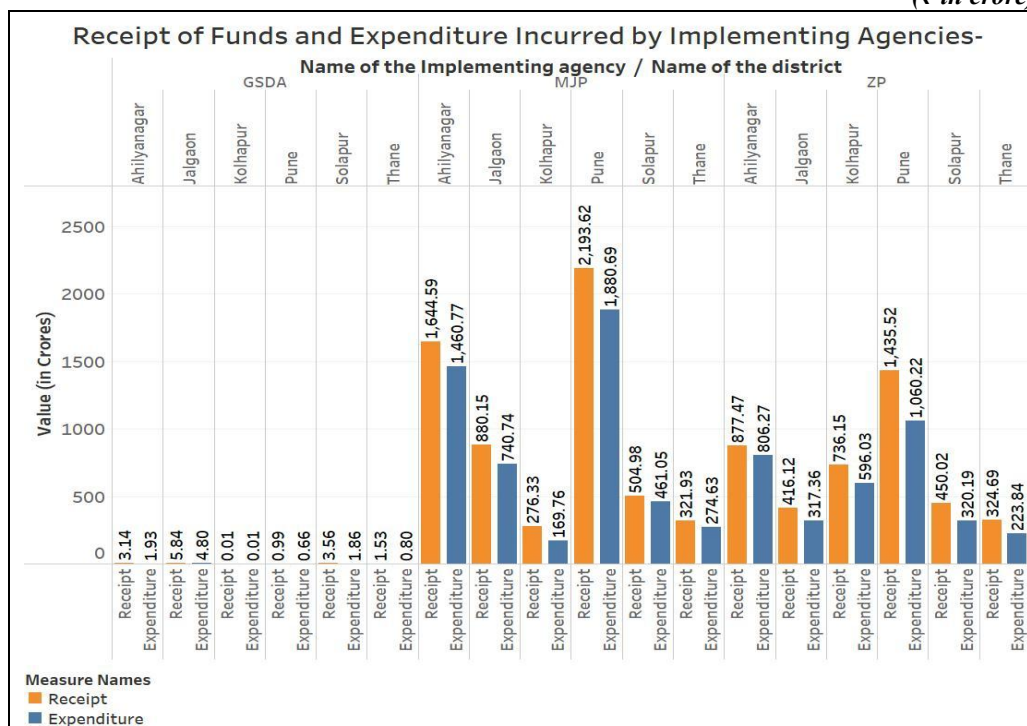
Source: Information furnished by SWSM

Above table depicts meaningful receipts and expenditure only from 2022-23 onwards, with a sharper rise in 2023-24. This indicates a delayed operationalisation of the Mission in the State, implying that initial years were largely consumed by preparatory or procedural delays, and the implementation window effectively shrank, increasing risk to 2024 targets.

The status of receipt of funds and expenditure incurred by the IAs (ZP/MJP/GSDA) in the selected districts is given in **Chart 4**. It was observed that, at the selected districts level, that the IAs could not utilize the funds allocated during 2019-24.

Chart 4: Receipt of funds and expenditure incurred (2019-24)

(₹ in crore)



Source: Information furnished by the implementing agencies

1. **Chart 4** shows that across all years, expenditure mirrors actual receipts. This established that the primary constraint was availability of funds. It appears that this is a fund flow bottleneck, not merely an expenditure efficiency issue.
2. While both receipts and expenditure rise in 2023-24 as shown in **Table 4**, it was very late with respect to the Mission period indicating inefficient execution pattern due to which the credibility of achieving sustainable household tap connections at scale within the original timeline could not be ensured.
3. Low receipts led to constrained expenditure which resulted in low physical progress, as discussed in **Paragraph 4.1.2** that only 24.64 per cent of schemes were completed by March 2024.

In the Exit Conference, the Government stated (December 2025) that it released the grants received from the Centre and its own share to the IAs as soon as the funds were credited in the SNA.

However, facts remained that the delay in release of funds impacted the progress of JJM.

### 3.3 Delay in remitting interest earned on unspent balance

Para 7.9 of the JJM guidelines provides that money accruing as interest should be credited to the same account and reflected in the UC of the relevant year. Rule 230 (8) of the General Financial Rule 2017 provides that all interests or other earnings against Grants in aid or advances released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India

immediately after finalization of the accounts. Such advances should not be allowed to be adjusted against future releases. The Ministry of Finance (GoI) instructed (July 2022) that the SNA of each Central Sponsored Scheme (CSS) in the State shall compute the total interest earned out of the funds received in its account (both from the Central and the State Government) in the preceding financial year in the first week of April and shall deposit the same in the respective Consolidate Fund. The Department of Drinking Water & Sanitation, Ministry of Jal Shakti, GoI intimated (March 2022) WSSD that remittance of interest earned on Central Fund released under JJM for the Financial Year (FY) 2021-22 was to be made by 05 April 2022.

Audit observed that National Jal Jeevan mission (NJJM) had prescribed ways (March 2022) (*i.e.* through NTRP Portal/DD/Cheque to PAO Department of Drinking Water & Sanitation, New Delhi) for remitting interest on Central share. During scrutiny of records related to remittance of interest, it was observed that remittance of ₹ 110.00 crore of interest on Central Share was delayed by 11 days to 452 days for the FY 2020-21 to 2023-24 as detailed in *Appendix III*.

The interest amounting to ₹ 110.00 crore, earned on State share during the period 2020-21 to 2023-24 was remitted to the Consolidated Fund of the State between 23 August 2023 to 04 July 2024 thereby, resulting in delay ranging from 26 to 677 days. The interest could not be credited due to non-availability of proper head of accounts, for which necessary instructions were issued in (June 2023).

In the Exit Conference, Government stated (December 2025) that interest earned for the year 2022-23 was transferred to the Consolidated Fund of India in July 2024, after resolving the issues in PFMS. Interest on State share was remitted only after issue of instruction (June 2023) from WSSD.

### **3.4 Inadmissible Expenditure**

JJM guidelines stipulated that no expenditure on O&M, construction/renovation /repair of office/residential building, payment of electricity bills related to water works, *etc.*, would be admissible from JJM funds.

Audit observed the following instances of inadmissible expenditure:

#### **3.4.1 Purchase of Sewer Gem software from JJM funds**

Audit observed that WSSD approved purchase of 36 software which included 17 Water Gems<sup>11</sup> and 19 Sewer Gems<sup>12</sup> software to be used by MJP as an

<sup>11</sup> Water Gems software help to determine the width and thickness of pipes to be used in the work of the scheme while designing the water supply schemes according to geographical conditions.

<sup>12</sup> Sewer Gems software helps in conceptualizing the underground sewerage scheme as per the geographical conditions as well as determining the width and thickness of pipes used in sewerage management.

auxiliary system for water supply and sewer system under JJM and Swachh Bharat Mission (SBM) respectively. MJP purchased (December 2022) 20 Bentley Water Gems and 16 Bentley Sewer Gems at the cost of ₹ 6.01 crore and ₹ 6.02 crore respectively from Ceinsys Tech Ltd., Nagpur. The purchase was made through MJP, Thane.

As Bentley Sewer Gems software system are to be used for managing sewer system for SBM and has no link with WSS, the expenditure of ₹ 6.02 crore on the same from JJM support activity fund was inadmissible.

In the Exit Conference (December 2025) Government stated that JJM guidelines do not prohibit the purchase of software, which is useful for JJM project, therefore, Mission Director, SWSM approved the purchase of software.

Reply is not acceptable as expenditure is incurred on purchase of software which does not cover any of the objectives of JJM.

### **3.4.2 Inadmissible expenditure on construction of residential quarters**

In Rahuri and Rahata block of Ahilyanagar, provision for construction of three residential quarters for staff was made in the work of water supply schemes of Brahmni Multi Village Scheme and Loni Budruk and Khurd scheme. The estimated cost for quarters was ₹ 47.12 lakh against which payment of ₹ 8.71 lakh was incurred forming liability of ₹ 38.41 lakh on these residential quarters which was not admissible under JJM. During physical verification, it was found that construction of residential quarters was in completion stage, as shown in **Photograph 3**.



**Photograph 3: Residential quarter at Loni Budruk, district Ahilyanagar**

In the Exit Conference (December 2025), Government stated that instructions would be issued to the IAs to follow JJM guidelines.

### 3.4.3 Inadmissible payment towards electricity bills

MJP, Thane and MJP, Jalgaon made payments of ₹ 1.13 crore on electricity bills related to 11<sup>13</sup> WSS which were not admissible under JJM. EE, MJP, Thane and EE, MJP, Jalgaon replied (September 2024 and October 2024) that initially, these schemes were under NRDWP and later subsumed in JJM and since there was provision for payment of electricity bill under NRDWP, hence, the same process was continued.

However, in the Exit Conference (December 2025) Government stated that necessary instructions would be issued to the concerned in this regard.

### 3.5 Significant increase in cost of JJM implementation

The initial estimated (September 2020) expenditure for implementation of JJM in the State was ₹ 13,668.50 crore. However, by 2023-24, an amount of ₹ 27,559.26 crore had already been allocated for the implementation of JJM. State had incurred an expenditure of ₹ 26,410.51 crore by March 2024, though, 21.80 lakh out of 146.81 lakh households were still to be provided with the functional tap connection as discussed in **Paragraph 4.1**. Further 75.36 per cent (38857 WSS of 51560 WSS) of the WSS undertaken to supply water to every rural household were pending completion as of March 2024 as discussed in **Paragraph 4.1.2**. As such, the pending tap connection and work of WSS would also add to the cost of implementation of JJM. By March 2024 only, the cost of implementation of JJM got doubled as compared to the estimated cost (September 2020) and is bound to increase further on account of pending works.

In the Exit conference (December 2025), Government stated that it had issued GR (September 2020) during Covid times with an approximate estimation of ₹ 13,668.50 crore which was based on per capita norms and without detailed surveys and estimation. The increase in cost of implementation was due to detailed survey and estimation in subsequent years i.e. 2021-22 and 2022-23. Further, increase in schedule of rates; change in the design criteria of the scheme for the projected life of scheme from 15 years to 30 years; inclusion of FHTC cost in JJM scheme estimates and increase in rate of GST from 12 per cent to 18 per cent at that time, impacted the overall cost.

The facts remained that approximate estimation at initial stage and delay in taking up WSS resulted in significant increase in cost of implementation at later stage. Further, JJM Guidelines stipulated ultimate project life to be 30 years, however, Government adopted this criteria in December 2021 only (GoM GR dated 08 December 2021).

<sup>13</sup> Nashirabad, Karoda, Pimplaner, Paldhi, Shiroli, Asoja WSS and 31 villages WSS of Jalgaon district and Wangni, Badaphokar, Kasara, and Wangni and Badaphokar WSS of Thane district.

### 3.6 Revision in costs of the schemes

In the State, 13,835 out of 51,560 WSS were proposed for cost revision, with increase in costs amounting to ₹ 9,608.87 crore, as shown in **Table 5**.

**Table 5: Revision of costs of schemes**

(₹ in crore)					
Implementing Agency (1)	Total number of WSS under execution (2)	Total number of WSS proposed for revision (3)	Estimated cost of the WSS proposed for revision (4)	Revised cost of the WSS (5)	Addition in cost (6=5-4)
MJP	929	581	17032.42	21022.58	3990.16
ZP	50631	13254	12168.40	17787.11	5618.71
<b>Total</b>	<b>51560</b>	<b>13835</b>	<b>29200.82</b>	<b>38809.69</b>	<b>9608.87</b>

Source: Information furnished by the department

In six selected districts, 2,976 WSS were proposed for revision (290 WSS pertaining to MJP and 2,686 WSS pertaining to ZP) as shown in **Table 6**.

**Table 6: Revision of costs of WSS in sampled districts**

(₹ in crore)					
Name of the district	Implementing agency	Total number of WSS executed	Number of WSS proposed for revision	Cost of WSS proposed for revision as per original estimate	Cost of WSS as per revised estimate
Ahilyanagar	MJP	112	88	3076.01	3889.28
	ZP	830	555	886.12	1440.69
Jalgaon	MJP	26	18	522.83	504.92
	ZP	1275	543	539.11	608.11
Kolhapur	MJP	15	11	540.60	652.19
	ZP	1270	512	604.16	919.22
Pune	MJP	168	142	3802.67	5010.77
	ZP	2170	788	1247.73	2044.14
Solapur	MJP	23	16	378.39	456.01
	ZP	1099	128	131.46	237.57
Thane	MJP	22	15	525.18	678.86
	ZP	720	160	140.13	200.15
<b>Total</b>		<b>7730</b>	<b>2976</b>	<b>12394.39</b>	<b>16641.91</b>

The amount of revised estimate shown are proposals only, expenditure was still to be incurred.

Source: Information furnished by the department

As seen from **Table 5** and **6**, 27 per cent at State level and 38 per cent of WSS under selected districts were under the process of cost revision. The proposed revisions in costs were due to increase in the scope of work for additional habitants, change of water source/ land, execution of additional works, award of work above tender rate, etc. The cases noticed in the selected districts are discussed below:

### Cases noticed in the selected districts

- The work of Hivre SVS Shirur block under EE, MJP-1, Pune was technically sanctioned (November 2022) for projected population of 4140. However, in the revised estimate, the projected population was increased to 6343 resulting in increased cost from ₹ 5.10 crore to ₹ 25.52 crore. This indicates that proper survey and estimation was not done.
- The work of Patas SVS was awarded (January 2023) by EE, MJP-1, Pune at a cost of ₹ 22.56 crore. In June 2023, the GP demanded an additional storage tank stating that estimation work was inadequate and was done without informing them. Thus, a revised estimate of ₹ 38.41 crore was proposed (August 2024).
- The work of Jawale Baleshwar and 10 village WSS under MJP, Sangamner, was proposed for revision from an initial cost of ₹ 65.53 crore to ₹ 89.03 crore. The escalation was because of an increase in distribution network by 1.5 kilometer due to coverage of additional habitation and change in land due to delay in getting NOC from the forest department. EE, MJP, Sangamner stated (October 2024) that some habitations having existing pipelines were excluded but during actual execution it was felt that the pipelines were not fit for use.
- A multi village retrofitting WSS was executed by the EE, MJP, Sangamner for Nimon and four other villages in Sangamner block. The WSS was completed and commissioned in March 2024. However, the EE proposed (September 2024) a revision in the scheme (from ₹ 11.25 crore to ₹ 15.48 crore) by adding construction of six additional ESRs and distribution network of 20 km for the WSS to cover the left out habitations.

Thus, improper survey not only resulted in revision in estimates but also delayed the benefits to the left out habitations.

In the Exit Conference (December 2025), Government stated that NJJM set deadlines to issue work orders by the end of December 2022 which compelled the available limited manpower to carry out huge task of issuance of work order before December 2022. It further stated that proposed revision in cost was due to left out habitations, land issues and technical changes in WSS.

Reply of the Government related to limited manpower is not acceptable as Government appointed five PMCs in the state to overcome shortfall of engineers and permitted additional manpower for coordination of DPR, monitoring and evaluation of Third Party Inspection (TPI) agencies and updating of data in IMIS. Despite mobilizing manpower resources, there was improper planning and costs of schemes had to be revised due to inadequate survey/estimates.

### 3.7 Delay in audit of accounts and submission of utilization certificates

Para 7.16 of the JJM guidelines provides that the SWSM will ensure that the accounts are audited by a Chartered Accountant (CA) within six months of the close of the financial year and that UCs and ASAs are timely submitted to the GoI.

Audit observed that there was delay ranging from three to 14 months in the preparation of ASA for the year 2019-20 to 2023-24 as shown in **Table 7**.

**Table 7: Delay in preparation of ASA**

Year	Due date of sending UC to the Government	Date of ASA prepared and audited	Delay in months
2019-20	30 September 2020	21 November 2021	14
2020-21	30 September 2021	24 October 2022	13
2021-22	30 September 2022	28 June 2023	9
2022-23	30 September 2023	02 January 2024	3
2023-24	30 September 2024	07 July 2025	9

Source: Information furnished by SWSM

Further, UCs were submitted with delay ranging from three to 14 months as shown in **Table 8**.

**Table 8: Delay in submission of UC**

Year	Due date of sending UC to the Government	Date of sending UC	Delay in months
2019-20	30 September 2020	30 November 2021	14
2020-21	30 September 2021	10 March 2022	5
2021-22	30 September 2022	11 July 2023	9
2022-23	30 September 2023	07 February 2024	4
2023-24	30 September 2024	07 July 2025	9

Source: Information furnished by SWSM

SWSM stated that the delay was due to late receipt of audit reports from ZP/MJP and GSDA, implementation of PFMS module in 2021-22 and delay in appointment of CA in 2022-23. The reply of SWSM shows that monitoring of timely completion and submissions of ASA and UCs was inadequate.

In the Exit Conference (December 2025) Government stated that the delay in submission of Audit Reports and UC for the financial year 2023-24 was primarily due to delay in reconciliation of the SNA account for transactions done by the IAs which further delayed the submission of UCs by IAs. After receiving UCs from IAs, SWSM finalized the accounts and ASA's and UCs for the year 2023-24 were submitted (July 2025) to NJJM.

### Conclusion

There were delays in release of funds (Centre/State). Across all five years, Maharashtra was admissible for ₹ 59,740.99 crore, but the total releases (Centre and State, all tranches) were only ₹ 27,657.56 crore (46.30 per cent). The total

expenditure during 2019-24 on the implementation of JJM in the state was ₹ 26,410.51 crore. The releases of funds vis-à-vis admissible allocations, indicate significant deficiencies in planning readiness and execution capacity, which have adversely impacted the pace of implementation of JJM in the State. Timely release and utilization of Central and State funds were affected by delays in submission of Utilization Certificates and audited accounts. Instances of inadmissible expenditure viz. purchase of unrelated software not covering any objective of JJM, construction of residential staff quarters, payment of electricity bills, and delayed remittance of interest indicated weak financial controls and non-compliance with JJM guidelines.

### **Recommendations**

- *Government may strengthen fund flow planning to enable timely release and optimal utilization of Central and State shares.*
- *Government may ensure the timelines of remittance of interest earned on unspent balances to the consolidated fund and submission of UCs and audited accounts.*
- *Government may devise mechanism to prevent inadmissible expenditure through improved internal controls and regular monitoring.*

