

# Decentralization and the delivery of water and sanitation services in Kerala, India

## 1. Introduction

### 1.1 Study rationale

For the past quarter century, decentralization reforms have been an important force in shaping how India plans and implements development schemes and delivers public services. Within the context of a three-tiered federal system, states were mandated in 1992 to devolve key powers and functions across major sectors—including responsibility for water and sanitation—to panchayats (local councils) and municipalities, which form the third tier of government in India’s federal structure.

During this same period, despite the substantial efforts being made to improve the access and quality of water and sanitation services (WSS), progress in improving WSS has been quite uneven in India.

Despite extensive literatures on decentralization and water and sanitation in India, relatively little is known about the “vertical” aspects of water and sanitation provision in the country, or about the institutional intersection between local governance institutions and water and sanitation services. In fact, quite some confusion seems to exist about the extent to which the delivery of water and sanitation is actually decentralized below the state level.

This study aims to shed light on the vertical organization of water and sanitation services in India, and seeks to analyze how decentralized water and sanitation provision interacts with decentralized governance arrangements. In doing so, we want to identify whether (or the extent to which) vertical or intergovernmental aspects of water and sanitation provision form a binding constraint on efforts to expand access to (and quality of) water and sanitation services—especially to poor and underserved populations.

Because India is vast country—with considerable differences in public sector practices between different states—it was decided to consider decentralized water and sanitation services in a single state.<sup>1</sup> Among the states of India, Kerala is a state where decentralization

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<sup>1</sup> Given the size of India and its states, the scope of our interest in this study is largely limited to decentralization from the state level to the local level (with the state level being comparable to the central government in many unitary countries).

has been pursued to a considerable extent, with the transfer of development functions and different types of funds to the lowest tier of government. As such, this case study seeks to analyze the state of decentralization in the delivery of water supply and sanitation in Kerala.

We pursue this question in a way that allows us to compare the state of decentralization in the delivery of water and sanitation services in India—and Kerala in particular—to decentralized water and sanitation provision in other countries. For this purpose, this report follows an assessment methodology for decentralized water and sanitation developed jointly by the World Bank's Water Global Practice and Governance Global Practice (World Bank, 2016). The methodology systematically considers six dimensions of decentralized water and sanitation provision: (i) the organizational structure of water and sanitation services; (ii) the assignment of functional responsibilities; (iii) effective and responsive local political leadership; (iv) local control over administration and service delivery; (v) local fiscal autonomy and local financial management; and (vi) local participation and accountability mechanisms.

**The constitutional context.** India follows a federal form of government with the Union government at the Centre, state (province) government for each of the 29 states, and local governments as the third tier of government. India's constitutional provisions with regard to allocation of responsibilities between the Union (Federal Government) and the State come under three categories: The Union List, the State List and the Concurrent List. Water supply and sanitation falls under the State List and hence the primary responsibility for providing water supply and sanitation in India rests with the State Governments. The states have the freedom to decide on the policy to be followed, (within the broad guidelines laid down by the central government) its implementation and the mechanisms to be put in place after taking into account the State's specific requirements. This is done with the objective of maximizing the impact of the proposed interventions and to ensure better service delivery of the sector.

In 1992 the 73rd and 74th Constitutional Amendment Acts were passed by the Indian parliament mandating the devolution of powers and functions to the third tier of government (Panchayats and Municipalities) across all major development sectors. The States had to enact conformity legislations adapting the provisions of the amendments to their existing state laws. Here drinking water and sanitation were also included in the list of subjects to be devolved to the local governments.<sup>2</sup>

The Union government sets the national water and sanitation policy standards and overall sectoral objectives and guidelines for rural and urban areas, primarily through the Ministry of Drinking Water and Sanitation (MoDWS). However the states have the responsibility to implement them.

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<sup>2</sup>The Schedule XI of the Indian Constitution (Part IX, Article 243 G) provides a list of subjects that have been transferred to the panchayats; while (Part IX-A, Article 243 W) lists out the subjects transferred to the municipalities.

Over the last decade, there have been progressive steps by the central government towards optimizing the role of the local governments in the sector of water supply and sanitation through various policy frameworks and guidelines. The latest union policy frameworks are the National Water Policy 2012 brought out by the Ministry of Water Resources; the National Urban Sanitation Policy, the Advisory Note on Urban Water Supply and Sanitation; and the bi-annual National Ratings Systems and Service Level Benchmarks brought out by the Ministry of Urban Development; the Swachh Bharat Mission implemented by the Ministry of Urban Development (MoUD) and Ministry of Drinking Water and Sanitation in the urban and rural areas respectively etc.

To support the implementation of the various policies, the central government formulates various programs called centrally sponsored schemes for water and sanitation programmes. Some of the key ongoing programmes include: National Rural Drinking Water Programme, Swachh Bharat Mission, Atal Mission for Rejuvenation and Urban Transformation, etc.

The states have to follow the overall guidelines set by the respective Ministries and report back on the progress of implementation of the programmes. In recent years the various ministries have been advocating a decentralized approach whereby state and local governments have been encouraged to create and carry-out water supply and sanitation plans.

Besides, the central government also carries out limited monitoring and regulatory roles through the Central Ground Water Commission and Central Pollution Control Board.

**State government role in water and sanitation.** States also tend to be highly centralized in India and pursue their own sectoral efforts. But at the same time, there has been a push towards decentralization from the state to local level, pushed at the federal level (through constitutional amendments) as well as at the state level by “people’s power”. In particular, the state of Kerala is well-known for its “people’s power”-driven decentralization reforms in the 1990s.

As part of Kerala’s decentralization reforms, in line with the above-mentioned constitutional amendments (73<sup>rd</sup> and 74<sup>th</sup>), the responsibility of water and sanitation services, among other sectoral functions, were statutorily transferred to local bodies. While states have passed acts to conform to the constitutional requirements, the extent of devolution of powers (functions, functionaries and finances) varies widely among the states and, in many cases, is still incomplete.

With regard to the implementation of sectoral policies at the state level, each state can develop its own state policies in tune with the national policy framework. The state can plan and implement their own water supply and sanitation programmes through its own mechanisms like para-statal agencies, state boards or the Public Health Engineering departments. The state governments are also to implement the centrally sponsored schemes and provide matching/ supplementary grants where required.

In many states, water supply and sanitation services are carried out by a combination of state, parastatal agencies and local governments. Local governments mostly face challenges with regard to financial and administrative capacities. With regard to urban local bodies, the latter tend to be dependent on state level departments and agencies for financing and execution of capital projects with the urban local body's role limited to operation and maintenance.<sup>3</sup>

**Box 1.1 Water Policy 2008, Water Resources Department, Government of Kerala**

The government of Kerala adopted a water policy in 2008 with the following guiding principles:

Access to water is a human right. The ownership of water resides with the state as a publicly owned resource with entitlement for individuals, communities and service providers to use water without owning it. In order to conserve and manage water, micro-watershed have been considered as a basic unit and river basin, as an integrated unit of micro-watersheds, shall define water rights and regulate water use. This will facilitate a resource-based approach, user participation and a sustainable and equitable water resource management <sup>4</sup>(Water Policy 2008).

For water resources planning, the policy sets out an ecosystem approach facilitated through micro watershed based planning and intervention. It also calls for the preparation of a detailed database on water at the micro watershed through a participatory mode and the preparation of a state level master plan for water resource development and management by compiling the status and action plans in each micro watersheds, subbasins and river basins in a hierarchical form. 'The master plan so prepared shall form the basis for development interventions and sectoral prioritization ensuring sustainability, equity and participation'.

The policy identifies priority in water use in the following order; domestic use, agricultural use, power generation, agro-based industrial use, industrial and commercial use and all other uses.

The policy also states that the 'overall responsibility of implementation, management and maintenance of small and medium drinking water supply and irrigation schemes shall be shared with appropriate Local self governments and State Government based on specific guidelines.

Enactment of suitable legislations is also advocated in the policy which also spells out the aspects that may be included in the new enactments. These are the water rights, prioritization of water use, ground water exploitation, bulk supply, water harvesting, use of irrigation water for drinking purpose, water pricing and subsidy norms, water conservation and harvesting, reconstitution of institutional mechanism etc.'<sup>5</sup>

**Decentralized water and sanitation services in Kerala.** Among the states of India, Kerala is one of the leading states when it comes to the implementation of decentralization reforms, including the transfer of funds, functions and functionaries to the lowest tier of

<sup>3</sup>Urban Water Supply and Sanitation in Indian Cities, A compendium of good practices.National Institute of Urban Affairs. 2015

<sup>4</sup>Water Policy, 2008. Water Resources Department, Government of Kerala

<sup>5</sup> ibid

government. However, it is important to note that with regard to functionaries (sectoral staff), it remains in a deconcentrated form. In one of the most important development sectors of water supply and sanitation, where does Kerala stand today?

With a plethora of schemes, state-level actors and programs being implemented and the concurrent empowerment of local governments to provide water and sanitation services to the citizens, how effective has the service delivery of water supply and sanitation been in Kerala's decentralized set up? How well have the poor and marginalized benefitted with service delivery provision of the water and sanitation services in the state? With increased budgetary allocation and spending in the water and sanitation sector in India and Kerala in particular, how can one evaluate the efficiency and sustainability of the institutional eco system put in place to deliver these services to the local citizens? How clearly demarcated are the organizational and functional responsibilities in the water supply and sanitation sector across all levels of governments and other stakeholders in Kerala? Amidst a right-based approach in all key sectors and especially in water supply and sanitation services, with 'access to safe and clean drinking water and provision of toilets' being treated almost as a fundamental right, what are the set of new challenges that are emerging? What are key third generation reform bottlenecks that Kerala will have to address to attain the targets within the framework of the Sustainable Development Goals (SDGs)?

## **1.2 The state of decentralized water and sanitation provision in India**

**Drinking Water.**India historically had a tradition of having community-managed wells, ponds, irrigation reservoirs as sources of rural drinking water supply. As per the Census data of 2011, 30.8 per cent of the rural households and 70.6 per cent of the urban households in the country have piped water supply.

As per government data (annual report, 2013 -14, Ministry of Drinking Water and Sanitation), 69 per cent of the population in rural habitation in India is completely covered with adequate and safe drinking water (40 liters per capita per day)<sup>6</sup>. The remaining are either partially covered or have drinking water sources that are potentially contaminated. Around 42.8 per cent of the rural population has access to piped water supply as on December 2013. The latest census data of 2011 reveals that around 85 per cent of rural households in India obtain their drinking water from improved sources, such as, hand pumps, tap water and covered wells. However there are huge inter-state variations in terms of coverage of households with piped water supply. It varies from 2.5 per cent in Bihar to 95.20 per cent in Chandigarh.

The situation was slightly better in 2012, according to the NSSO 69<sup>th</sup> Round reports which shows that 88.5 per cent of the households have access to improved source of water; 85.8

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<sup>6</sup> Presently, GOI has laid down minimal per capita water supply norms of 70 lpcd (liters per capita per day) in the rural areas and 135 lpcd in the urban areas.

per cent of the households have access to sufficient drinking water throughout the year; 46.1 per cent of rural households have drinking water within the premises, 40.9 per cent have to travel up to 200 metres to fetch drinking water and around 9.3 per cent have to travel 200 to 500 metres to reach principal source of water; 87.7 per cent of rural households are getting good quality of drinking water and 86.0 per cent of the households are getting sufficient water throughout the year for all household activities.

In the urban sector, it is estimated that around 78 per cent of the urban population in India has access to safe drinking water and around 38 per cent has access to sanitation services. The proportion of households having access to piped water is 70.6 per cent, out of which 62 per cent have access to treated piped water (See table). With regard to the distance of households from the source of drinking water, the census data shows that 71 per cent of households have drinking water source within their premises and 29 per cent have the source near their premises. With regard to piped water supply within the household premises, the proportion is around 49 per cent.

According to government data, almost no Indian city has a continuous (24 x 7) water supply system, and in most Indian cities there is intermittent and limited number of hours of water supply, as a means to manage inadequate supply.

<b>SL</b>	<b>State</b>	<b>Rural Households</b>	<b>Coverage with Tap Water</b>	<b>Urban Households</b>	<b>Coverage with Tap Water</b>
1	Jammu & Kashmir	1497920	55.70	517168	87.90
2	Himachal Pradesh	1310538	88.70	166043	95.50
3	Punjab	3315632	34.90	2094067	76.40
4	Chandigarh	6785	95.20	228276	96.80
5	Uttarakhand	1404845	63.90	592223	78.40
6	Haryana	2966053	63.60	1751901	77.50
7	Delhi	79115	59.40	3261423	81.90
8	Rajasthan	9490363	26.90	3090940	82.60
9	Uttar Pradesh	25475071	20.20	7449195	51.50
10	Bihar	16926958	2.60	2013671	20.00
11	Sikkim	93270	82.60	35761	92.10
12	Arunachal Pradesh	195723	59.30	65891	84.20
13	Nagaland	284911	51.80	115054	35.70
14	Manipur	335752	29.50	171400	56.30
15	Mizoram	104874	41.40	116203	74.40
16	Tripura	607779	25.20	235002	54.00

17	Meghalaya	422197	28.70	116102	77.60
18	Assam	5374553	6.80	992742	30.20
19	West Bengal	13717186	11.40	6350113	55.60
20	Jharkhand	4685965	3.70	1495642	41.60
21	Odisha	8144012	7.50	1517073	48.00
22	Chhattisgarh	4384112	8.80	1238738	62.50
23	Madhya Pradesh	11122365	9.90	3845232	62.20
24	Gujarat	6765403	55.80	5416315	85.60
25	Daman & Diu	12750	84.80	47631	72.60
26	D & N Haveli	35408	42.50	37655	50.30
27	Maharashtra	13016652	50.20	10813928	89.10
28	Andhra Pradesh	14246309	63.40	6778225	83.50
29	Karnataka	7864196	56.40	5315715	80.40
30	Goa	124674	77.80	198139	90.20
31	Lakshadweep	2523	31.00	8180	16.90
32	Kerala	4095674	24.50	3620696	34.90
33	Tamil Nadu	9563899	79.30	8929104	80.30
34	Pudducherry	95133	95.00	206143	95.40
35	A & N Islands	59030	77.50	34346	97.90
	<b>India</b>	<b>167826730</b>	<b>30.80</b>	<b>78865937</b>	<b>70.60</b>

**Sanitation.** According to government data (annual report 2016-17), the national average for rural India for sanitation coverage is 58.75. The state of Bihar has the lowest coverage of 26.14 per cent and the highest is 100 per cent coverage in Kerala, Himachal Pradesh and Sikkim.

It is reported that in most Indian cities, waste water flows through open drains / storm water drains, posing serious public health hazards. Most Indian cities have the challenges of very low coverage of sewerage network services and inadequate capacity for treatment of waste water that is generated in their cities. These were the core factors that were being addressed by the Ministry of Urban Development through their flagship programme the JNNURM. To benchmark service delivery and improve the performance delivery in Urban Local bodies, the mission directorate of JNNURM under the Ministry of Urban Development has initiated an exercise to define standardized service level benchmarks (SLBs). The SLBs have been identified for four basic urban services, namely, water supply, sewerage, solid waste management and storm water drainage. The indicators for the SLBs include coverage of service, per capita availability, efficiency in redressal of consumer complaints, quality of service, efficiency in sot recovery and collection of charges etc.

As of 2013 the coverage of drinking water supply in Kerala was 79 percent of the total population of the state. While in urban areas it was about 85 per cent and in the rural around 77 per cent of the population were covered.<sup>7</sup>

During 2012-13 Eranakulum District had the highest rural water supply coverage in Kerala (98.26%) while Kozhikode district had the lowest coverage (42.75%). In the urban areas, Malappuram District had the highest coverage (99.35%) and Wayanad District had the lowest coverage with 50.10 percent. In the case of total population covered, Eranakulum district had the highest coverage (97.41%) and Kozhikode District had the lowest coverage (55.25%) during 2012-13.

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<sup>7</sup>Infrastructure Statistics of Kerala; 2012-13, Department of Economics and Statistics, Government of Kerala.



## 2. Overview of the structure of the public sector

### 2.1 Background information: Kerala

Kerala has a population of 33 million according to the 2011 census. It has the highest density of population in the country with 860 person per sq.km. The urban population of the state has shown huge growth over the last decade with an increase of three times from the previous census.

Among the states in India, Kerala has undergone highest level of urbanisation during 2001-2011 with an increase of 83.82% in its urban population. About 50 per cent of the population is living in urban areas. Kerala, was positioned 19th in terms of the level of urbanisation among the states of India as per the 2001 Census and came to be ranked 9th in 2011. Ernakulam (68.1%) is the most urbanised district of Kerala and Wayanad (3.9%) is the least.

### 2.2 Vertical (subnational) structure of the public sector

In the post 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments, of the 29 states, the southern state of Kerala is a notable outlier with respect to the process of decentralization and its implementation on the ground. In 1994, the Kerala Panchayat Act and the Kerala Municipality Act were passed mandating the establishment of Panchayats and municipalities in the rural and urban areas respectively.

The local government institutions constituted in the rural areas are referred to as panchayats (councils) and those in urban areas are referred to as urban local bodies or the Municipalities (Table 2.1).

	<b>Name of subnational level / tier / type</b>	<b>Number of jurisdictions</b>	<b>Average population (2015)</b>
	Central (national) government	1	
1.	State government	1	34,040,350
2.	District Panchayats	14	1,903,357
3.	Block Panchayats	152	175,309
4.	Gram Panchayats	978	26,674
5a.	Municipal Corporations	5	491,240
5b.	Municipalities	60	51,664

Panchayats are organized at three tiers– the district panchayat, block panchayat and gram panchayat. There are 3 to 12 block panchayats in a district depending on the size and population. Similarly, each block will have 2 to 10 gram panchayats. Each local government is further divided into wards or constituencies with each ward electing their representative to the respective local government council. As of March 31, 2015 there are 14 district

panchayats, 152, Block panchayats, 978 gram panchayats, 5 Municipal Corporations and 60 Municipalities.

### 2.3 Organizational / governance structure

Subsequent to the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts which mandated local governments as the third tier of government, the Kerala State passed the Kerala Panchayat Raj Act, 1994 and the Kerala Municipality Act 1994.

The local government institutions at the rural level are called Panchayat Raj Institutions (PRIs) and at the urban level, the Urban Local Bodies (ULBs). At the rural level, the panchayats have a three tier structure – the Gram Panchayat at the village level, the Block Panchayat at the block level and the District Panchayat at the district level. All three tiers have different responsibilities and function independently of each other. At the urban local body level, there are the Municipalities and Municipal Corporations. The local government council (both for rural and urban local governments) consists of elected members, of which one-third should be women and proportional representation provided to Scheduled Caste and Scheduled Tribes. The elected members in turn elect the President/ Mayor (indirect election).

<b>Table 2.2. Organizational / governance structure of the public sector</b>					
<b>Subnational Level / Tier / Type</b>	<b>1.State government</b>	<b>2.District Panchayats</b>	<b>3.Block Panchayats</b>	<b>4.Gram Panchayats</b>	<b>5.Muni./ Muni Corp.</b>
<b>Main features of subnational / local entities</b>					
Are local entities corporate bodies?	Yes	Yes	Yes	Yes	Yes
Do local entities have their own political leadership?	Yes	Yes	Yes	Yes	Yes
Do local entities prepare/adopt/manage their own budgets?	Yes	Yes *	Yes *	Yes *	Yes
<b>Governance of subnational / local entities</b>					
Is the local political leadership (at least in part) locally elected?	Yes	Yes	Yes	Yes	Yes
Have elections been held in the past seven years?	Yes	Yes	Yes	Yes	Yes
Does the local political leadership include elected local councils?	Yes	Yes	Yes	Yes	Yes
Is the local executive directly or indirectly elected?	Indirectly elected	Indirectly elected	Indirectly elected	Indirectly elected	Indirectly elected

As seen in table 2.2, the local governments in Kerala (and across India) meet the minimal definitional requirement of a local government. As stated earlier, the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments clearly mandated the legal constitution of rural and urban local governments, elections to be held every five years, powers and public functions to be performed, and the powers and responsibility to prepare and approve their budget. However critically it must be noted that even though the local government has its own budget and approves its own budget, front line service delivery staff are presently not under the purview of local government budgets. This has several limitations on the impact and efficiency of local government performance.

The President (for rural local bodies)/ Mayor (for urban local bodies) is the political executive of the local government, while the Secretary is the Chief Executive Officer for each tier of the Local Government Institutions.

The other major components of the local government structure are the Standing Committee, the Steering Committee and the Gram Sabha. As per the Kerala Panchayat Raj Act, 1994, every local body has to constitute *Standing Committees*. In addition to the President and Vice President of the panchayat, the standing committee comprises of a Chairperson elected from among the panchayat elected members. The arrangement is such that every elected member is a member of any one of the standing committee. Similar is the arrangement for urban local bodies. Each Standing Committee is given certain subjects and they are responsible for analyzing in detail the issues and proposals regarding the subject. The Standing Committee for Welfare at the gram panchayat level is responsible for water and sanitation. The standing committees are coordinated by the *Steering Committees* comprising the president, vice president and chairpersons of the standing committees.

*Gram Sabhas* are another important component which ensures the participation of people in the planning and implementation process. Gram Sabhas are created at each ward of the panchayat and consists of all the adult voters of the village. The quorum of a gram sabha is 10 per cent of the total voters. The amendments made to the Kerala Panchayat Raj Act, in 1999 provide wide ranging powers to the gram sabha.

Through the decentralized planning process initiated in 1997, *working Groups* have become a significant component of the local government structure. The Working Groups perform a critical role in the formulation of development plans of local governments. In Kerala it is mandatory for each local government to constitute Working Groups for various sectors at the beginning of every five year plan and yearly if the need arises. The local governments can constitute as many Working Groups as required however there are mandatory working groups which include one for water supply and sanitation including solid waste management and another one for watershed management including environment, agriculture, irrigation and related sectors. The Working Groups headed by an elected member consists of officials, elected members, sector experts and activists. The vice-chairperson of the Working Group should be an expert in the respective sector and the convenor should be the senior most official transferred to the local government in the

concerned sector. There should be at least one member of the *Kudumbashree*<sup>8</sup> CDS in each working group.

## 2.4 Basic assignment of functions and responsibilities

As revised by the 73<sup>rd</sup> and 74<sup>th</sup> Amendments, the eleventh schedule of the Indian Constitution lists 29 subjects to be transferred to panchayats and the twelfth schedule list 18 subjects to be transferred to urban local bodies.

However, it is important to look at the exact wording of the constitutional Article 243G as to the exact nature of the powers, authority and responsibility that has to be devolved to panchayats:<sup>9</sup>

*243G. Powers, authority and responsibilities of Panchayats.- Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to-*

*(a) the preparation of plans for economic development and social justice;*

*(b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule. [emphasis added]*

Even though this point is seldom explicitly made, the devolution of powers, authority and responsibilities from the state level to panchayats in India (including in Kerala) is almost exclusively limited to the responsibility to prepare plans, and the responsibility to implement schemes; yet, there is actually no constitutional obligation to devolve the power, authority or responsibility for the recurrent aspects of service delivery for the functions listed in the Eleventh Schedule!

In line with this reading of the constitution, local governments in India (including in Kerala) generally do not have their own service delivery staff for devolved functions. Instead, teachers, public health workers, and other front-line service delivery staff continue to be employed by the state level, and are often deployed to the local level in a deconcentrated manner. While local councils are given some responsibility to oversee the day-to-day delivery of public services and front-line service delivery staff within their jurisdiction, the actual power and authority over these public servants continues to rest with the state level.

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<sup>8</sup> Kudumbashree is the poverty eradication and women empowerment programme implemented by the State Poverty Eradication Mission (SPEM) of the Government of Kerala. It is a three tier structure of women community network with neighbourhood groups, area development societies and community development societies.

<sup>9</sup> The wording for urban local governments in the 74<sup>th</sup> Amendment similarly focused on planning and development schemes rather than on recurrent public service provision.

The Kerala Panchayat Raj Act and the Kerala Municipality Act specifies the subjects to be devolved to the local bodies. The government of Kerala transferred 26 of the 29 subjects to rural local governments. The functions pertaining to minor forest produce, distribution of electricity and implementation of land reforms are yet to be transferred. Similarly for urban local bodies, the government has transferred 17 of the 18 functions. The function related to fire service is yet to be transferred.<sup>10</sup>

<b>Table 2.3. Assignment of functions and expenditure responsibilities: selected local functions</b>				
	Pers.	O&M	Supplies	Capital
Primary Education (70912)	StateGov	Local <sup>11</sup> Gov/ state	StateGov	Local gov/ StateGov
Public health and outpatient services (7072,7074)	StateGov	Local Gov/ state	StateGov	Local gov/ StateGov
Agricultural extension services (70421)	StateGov	Local Gov/ state	StateGov	local gov/ StateGov
Solid waste management (70510)	Local gov	Local Gov/ state	State Gov/ Suchitwa Mission	Local gov/ StateGov
Construction and maintenance of local public works (70451)	StateGov	Local Gov/ state	StateGov	Local gov/ StateGov

<sup>10</sup> CAG report 2015

<sup>11</sup> Local government here primarily means gram panchayats in rural areas and municipalities in urban areas. However, block and district panchayats and municipal corporations also have complementary statutory powers laid down by the state act.

### 3. Organizational structure of water and sanitation services

Today, there is co-existence of multiple service delivery approaches for the provision of urban and rural water supply and sanitation services in Kerala. In order to understand the current organizational structure of water and sanitation services in Kerala, it is important to recognize that until the late 1990s, the Kerala Water Authority (KWA) was the only agency responsible for piped water supply and sanitation service delivery in the state, and essentially followed a top-down, supply driven approach to the provision of water supply (Andres et al, 2016).

Since 1996, Kerala has been pursuing a decentralized (devolved) model of public service delivery—including in water and sanitation—that aims to put local self-government institutions at the forefront of service delivery (Nisha, ND). In theory, KWA was supposed to transfer the responsibility over all water supply schemes to Gram Panchayats in rural areas, and to corporations and municipal governments in urban areas. In reality, however, only a portion of existing water schemes was actually transferred. As a result, the decentralized delivery of water and sanitation services in Kerala reflects a hybrid model in which state-level agencies, local government institutions as well as beneficiary groups play an important role in the provision of water and sanitation services and the further development of water and sanitation systems.

At the state level, in addition to the KWA—which continues to play an important role in the development and implementation of water schemes, both in rural and in urban areas—the Kerala Rural Water Supply and Sanitation Agency (KRWSA) was established in 2000 (with World Bank support through the Jalanidhi project) to focus on supporting the development of water supply schemes in the rural areas (particularly the panchayats that are covered under the Jalanidhi project).

Whereas water services (through KWA and KRWSA) fall under the remit of the state-level Water Resources Department (WRD), ensuring the provision of local sanitation services generally fall under the policy responsibility the state-level Local Self-Government Department (LSGD). In order to promote local sanitation services, the government of Kerala has set up Suchitwa Mission<sup>12</sup>, under the LSGD, which supports local governments in strengthening sanitation services.

While—since 1996—local governments are theoretically the main entity providing water and sanitation services to residents at the local level, in practice, the entity that is responsible for actually supplying water or sanitation services may be different in different places:

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<sup>12</sup> It has to be noted that the government of Kerala over the years has introduced the concept of sectoral missions that would complement the work of respective state departments in achieving policy/ reform objectives. Information Kerala Mission (IKM), State Poverty Eradication Mission (Kudumbashree) etc. are examples of such mission. Suchitwa Mission is one such initiative.

- Water and/or sanitation services may be supplied by the local government (i.e., a municipality or GP owns and operates the water supply scheme, ensures its operation, and collects the associated tariffs and fees).
- Water and/or sanitation services, particularly in rural areas, may be supplied by a Beneficiary Committee (i.e., the community, through the BG, owns and operates the water supply scheme, ensures its operation, and collects the associated tariffs and fees).
- Water and/or sanitation services may be supplied by KWA (i.e., the KWA owns and operates the water supply scheme, ensures its operation, and collects the associated tariffs and fees).

Of the three above mentioned modalities, the last one, namely, water supply provision by KWA in both rural and urban areas, continue to be the most prevalent modality. Local governments take up water supply projects on an as-needed basis, which comes up in the participatory planning process undertaken by the local governments.

Beyond the different local suppliers of water and sanitation services, there are various ways in which new water supply and sanitation schemes are planned and implemented at the local level. This involves:

- The state government, through the KWA, continues to plan and construct new local water supply schemes. While this is the case in both rural and urban areas, this is particularly true for large water supply schemes in urban areas.
- Local governments may plan and implement water supply and sanitation schemes out of their own resources (plan funds). Even in these cases, however, there is considerable involvement of the KWA.<sup>13</sup>
- Central and state sponsored water and sanitation schemes may be implemented through KWA as well as through local governments. This includes, among others, WSS schemes planned and implemented under donor aided projects such as the World Bank-supported Jalanidhi project.

Given that much of the policy discussion in Kerala has focused on the responsibility for the developing new water and sanitation infrastructure, the discussion dealing with the operational responsibility for providing drinking water and sanitation services to residents is often overlooked. To some extent, this seems to have resulted in a situation where the government is pursuing a “build-neglect-and-rebuild” approach to water supply and

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<sup>13</sup>A project goes through several rounds of vetting and detailing (through the District Planning Committees and Technical Advisory Groups). The project is then finally sent to the KWA who assesses the feasibility, viability and cost implications which is informed to the local government. The local government deposits the requisite fund with the KWA for the implementation.

sanitation, rather than focusing efforts on maximizing water and sanitation access given the available resources.<sup>14</sup>

### **3.1 Overview of the organizational structure of local water and sanitation services**

As noted above, despite the fact that water and sanitation is touted as generally being “decentralized” in Kerala, there is no single organizational structure for the supply of drinking water or the provision of sanitation services. That said, the Kerala Water Authority (KWA), the Kerala Rural Water and Sanitation Agency (KRWSA) and the Local Self Government Institutions (LSGs) are the main agencies/ institutions involved in providing water supply services in Kerala. In the sanitation sector, the main stakeholders are the Suchitwa Mission of the Government of Kerala, the local governments, as well as the KRWSA and the KWA. Details of the various organizational stakeholders in the water sector are discussed below.

As shown in Figure 3.1, the prevailing supplier of water services in urban areas is the KWA (Panel A). As a matter of fact, KWA is also the prevailing supplier of piped water services in many rural areas, meaning that the same organizational structure of water services is followed as in urban areas. In rural areas, however, water may be provided either by the Gram Panchayat or by Beneficiary Groups<sup>15</sup> (Panel B). With regard to sanitation services (not shown in the figure), the prevailing supplier in both rural and urban areas is the local government.

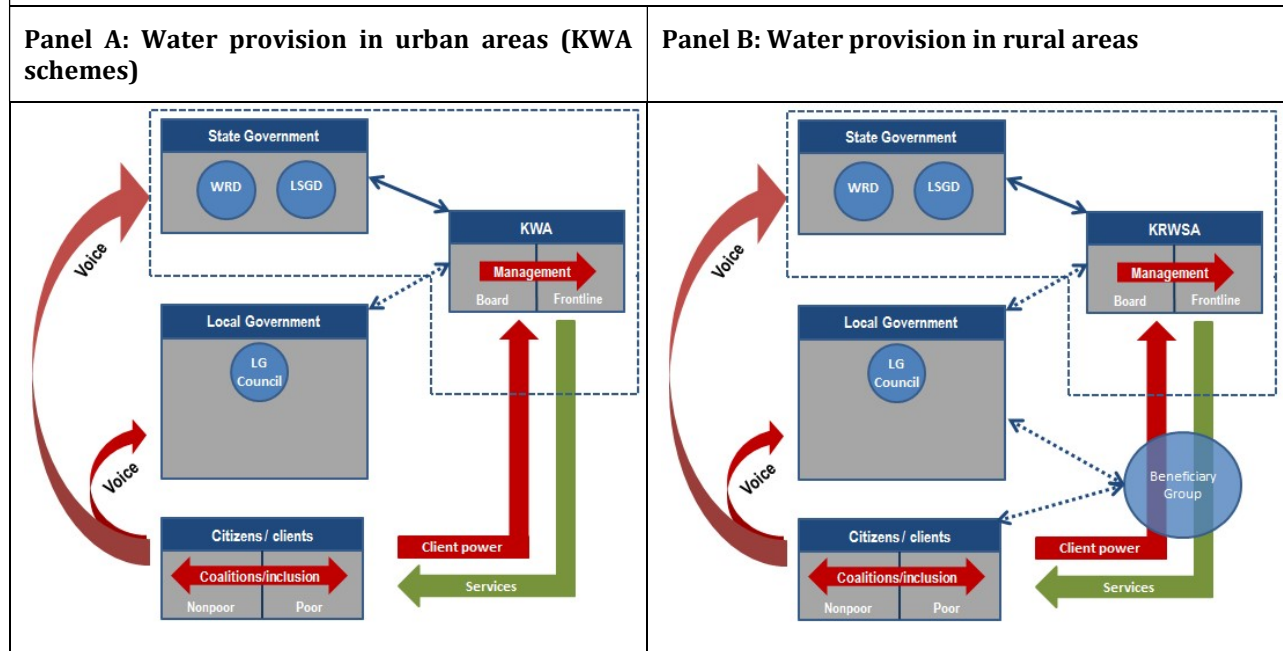
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<sup>14</sup> In this light, an important element of the World Bank’s operation has been to shift the emphasis from top-down to decentralized and demand-based or community-based interventions, which result in improved operation and maintenance (Andres et al, 2016).

<sup>15</sup> Beneficiary groups can be formed by gram panchayats for implementation and O & M. in reality the prevalence of BGs varies across panchayats. However under the Jalanidhi project, it is mandatory for BGs to be formed for implementation and O & M.



**Figure 3.1: Organizational structure of water sector in Kerala with respect to provision of piped water supply**



**Water Resources Department:** The sector department at the state government level for water supply is the Water Resources Department (WRD) of the Government of Kerala. The KWA and KRWSA are located administratively under the WRD.

The Water Resources Department is headed by the Minister for Water Resources and has the additional Chief Secretary to the government as the administrative head. Line departments/ institutions such as the Kerala Water Authority, KRWSA, Jalanidhi project, the Ground Water Department, Irrigation Department, Command Area Development Authority, KIIDC, and Communication and Capacity Development Unit are located administratively under the water resources department.

The Department has the mandate to formulate water policies, maintain completed projects, prepare Irrigation projects and execute them in time within the prevailing rules and regulations for the benefit of the people of the state, fixing of water rates and integrated Irrigation Bill and also an Integrated Water resources Development plan for Kerala for Irrigation, Drinking Water and Electricity. The activities of the water resources department are informed by the guiding principles of the State Water Policy brought out in 2008. The policy advocates the adoption of an integrated and multi-sectoral approach for planning, development and management of water resources; micro watersheds to be considered the basic unit for conservation and optimal utilization of water resources; water as a human right and enabling appropriate institutional mechanisms for sustainable water resources development and management.

The **Kerala Water Authority(KWA)** has been traditionally responsible for providing rural and urban water supply in the state. KWA was established by Government of Kerala under the Kerala Water and Waste Water Ordinance of 1984 on 1 April 1984. This ordinance was replaced by the Kerala Water Supply and Sewerage Act, 1986 whereby KWA became an autonomous authority for the 'development and regulation of water supply and waste water collection and disposal in the state of Kerala'. The KWA was established 'by vesting the properties and assets of the erstwhile Public Health Engineering Department (PHED) under Section 16 of the Act and the assets, rights and liabilities of the local bodies and the Kerala State Rural Development Board in so far as they pertain to the execution of water supply and sewerage schemes under section 18 of the Act<sup>16</sup>'.

KWA is the main sector agency responsible for the design, preparation, implementation, promotion, operation, maintenance and financing of water supply schemes for the supply of water and the disposal of waste water, in the state. The other major functions include 'planning for the state's water supply and sewerage requirements; preparation of state plans for water supply and collection and disposal of waste water on the direction of the government; establishment of state standards for water supply and waste water services; carrying out applied research for the efficient discharge of the functions of the Authority; and making provisions for the supply of wholesome water and efficient sewerage services to the people in the state'<sup>17</sup>. It has succeeded over the years, in building infrastructure for water supply and in increasing the water supply distribution networks in the state.

The Secretary to Government, Local Self Government department; Secretary to Government, Rural Development department; two members representing the Local Bodies in the state, appointed by the Government; are, among others, the members of the Kerala Water Authority Board. The Chairman and Managing Director of the Board are appointed by the government. Other members include secretary to government, Water Resources department, Secretary to government, Finance department, two members appointed by the government, one of whom shall be a member belonging to the SC/ST; a technical member and an accounts member appointed by the government.

The term of office, mode of appointment, duties and responsibilities etc. of the various officials of KWA are governed by respective state Acts/ rules. As per section 15 of the Kerala Water Supply and Sewerage Act, 1986, KWA can borrow money for carrying out its functions. The KWA receives grants from the state government. In 2014-15, the grant was 225.16 crores. However it is reported that the authority has been able to recover only a portion of their operating and maintenance expenditure and as on 31 March 2015, was running an accumulated loss of Rs.2620 crores.

In 1998, by an amendment to the Kerala Panchayati Raj act, 1994, the government of Kerala transferred all small rural water supply schemes within a gram panchayat to the local government with the power to collect user charges for the provision of water services. KWA presently focuses more on large schemes.

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<sup>16</sup> Administrative Report 2013-14, Kerala Water Authority, Trivandrum

<sup>17</sup> Ibid.p.7

The activities of Kerala Water Authority are centred on various divisions. Among them, the water supply/ public health division carry out the deposit works of local governments, operation and maintenance of water supply schemes run by KWA, and collection of water charges; and the water and sanitation consultancy (WASCON) wing provide services to local governments for infrastructure projects in the water and sanitation sector.

### **Box 3.1: The Kerala Water Supply and Sewerage Act, 1986**

This is the major legislation in the water supply sector. The Kerala Water Supply and Sewerage Act, 1986, provides for the establishment of an autonomous authority (KWA) for the development and regulation of water supply and waste water collection and disposal in the State of Kerala and for matters connected there with. Article 14 of the Act lays down the functions of the KWA, which are:

- (i) preparation, execution, promotion, operation, maintenance and financing of the schemes for the supply of water and for the disposal of waste water ;
- (ii) rendering all necessary services in regard to water supply and collection and disposal of waste water to the Government and on request to private the private institutions or individuals ;
- (iii) Preparation of State plans for water supply and collection and disposal of waste water on the directions of the Government ;
- (iv) fixation and revision of tariffs, taxes and charges of water supply and maintenance service in the areas covered by the water supply and waste water systems of the Authority ;
- (v) establishment of State standards for water supply and waste water services ;
- (vi) all functions, not stated herein which were being performed by the Public Health Engineering Department of the Government before the commencement of this Act ;
- (vii) assessment of the requirements for manpower and training in relation to water supply and sewerage services in the State ;
- (viii) carrying out applied research for the efficient discharge of the functions of the Authority ;
- (ix) making provision for the supply of wholesome water and efficient sewerage services to the people in the State ;
- (x) taking such other measures as may be necessary to ensure water supply in times of emergency ;
- (xi) making provision for manufacture and marketing of packaged drinking water, mineral water, aerated water or any other processed water and of goods or articles necessary for water supply and sewerage;
- (xii) any other matter supplemental, incidental or consequential to any of the above functions of the Authority; and
- (xiii) such other functions as may be entrusted to the Authority by the Government by notification in the Gazette

**Local Self Government Department (LSGD).** The Local Self Government Department (LSGD) is another state-level sector department which is highly relevant in the water and sanitation services at the local level. LSGD is the sector department at the state government level for sanitation services at the local level. The LSGD is also empowered to issue

circulars/ government orders in line with central and state policies (with regard to all sectors including water and sanitation) to local government institutions.

The LSGD is headed by the Minister for Local Self Government. The administrative head is the Principal Secretary followed by the Secretary, Local Self Government. Under the Secretary comes the Panchayat Director, Urban Affairs Director, Chief Town Planner, Rural Development Commissioner, Chief Engineer Local self Government Department and State Performance Audit Officer. Panchayat Directorate, Directorate of Urban Affairs, Commissionerate of Rural Development and Town and Country Planning Department are the major allied departments of Local Administration. There are also various allied institutions and training centers related to local administration activities, under LSGD.

**Suchitwa Mission** Suchitwa Mission is the nodal agency for assisting cities, municipalities and panchayats in sanitation and waste management aspects. It is an organization located under the Local Self Government department of the state and is registered as a society under the Travancore Cochin Literary Scientific and Charitable Societies Registration Act 1955.

The mission is responsible for:

- (i) evolving implementation strategy
- (ii) providing policy in the sectors of sanitation and various solid and liquid waste management issues
- (iii) providing technical inputs for sanitation and waste management projects

#### *Organization of the Mission*

The management and control of Suchitwa Mission is entrusted to a governing body. The Minister for local self government is the chairman of the mission and the Principal Secretary, local self government department is the vice – chairman. The Principal Secretary is also the chairman of the executive committee of the Mission. The Suchitwa Mission has district branch offices across the state.

**Beneficiary groups.** In some instances for small water supply projects, local governments form beneficiary groups mainly for monitoring and operation and maintenance of the work. But this varies across the state. It is generally found that beneficiary groups are more active and functioning under donor funded projects like the World Bank supported Jananidhi project. The prevalence of beneficiary groups in water supply is more in rural areas and fewer in urban areas.

**Citizen participation mechanisms.** Citizen participation and voice in water and sanitation services is ensured through citizen groups like the beneficiary groups, beneficiary committees, ward level sanitation committee, gram sabhas etc. To streamline the functioning of these committees, the government has provided a legal mandate for them. This is detailed in the subsequent chapters.

Other institutions which are relevant to the water sector includes the Ground Water Department, the Communication and Capacity Development Unit, the Centre for Water Resources Development and Management, and non- governmental organizations who provide support services to the service providers. The overall administrative responsibility lies with the Water Resources Department of the Government of Kerala.

<b>Table 3.1 Key stakeholders in the water and sanitation sector at each level</b>			
<b>Stakeholder</b>	<b>Level / Type</b>	<b>Number of entities</b>	<b>Main responsibilities</b>
The Water Resources Department, Government of Kerala	State	1	Overall responsibility of the state water supply sector; takes administrative level decisions of the line/ subordinate departments;  Functions as the state nodal department for the Jananidhi project having overall responsibility of the project. Along with the governing council of KRWSA, WRD is responsible for policy setting, annual plans, budget approval and implementation oversight
The Local Self Governance Department	State	1	Issues general guidelines, circulars and government orders in accordance with national and state policies; provides technical assistance to local governments;
Suchitwa Mission	State	1	nodal agency for assisting cities, municipalities and panchayats in sanitation and waste management aspects. Their key mission is to 'generate model plans for sanitation and waste management and to motivate local self government institutions to implement the customized plans successfully'.
The Kerala Water Authority	Para-statal agency (under WRD)	1 (a head office; 3 regional offices; 13 circle offices, 48 division offices, 115 sub divisions and 239 section offices under the regional	Development and regulation of water supply, and waste water collection and disposal in the state; preparation of state plans for water supply and collection and disposal of waste water, establishment of state standards for water supply and waste water services. Implementation of rural and urban water supply projects; carries out deposit works of local governments.  Under the Jananidhi project, KWA is responsible for implementation and service provision for common infrastructure of multi-GP schemes including modernization and service provision

		office)	to GPs.
Kerala Rural Water and Sanitation agency (KRWSA)	Para-statal (under WRD)	1 (plus 3 regional offices)	Implements rural water supply and sanitation projects based on the principles of demand responsiveness, community ownership and sustainability of investments through cost sharing.
Local Government Institutions	Local government	978GPs, 152 Block Panchayats, 14 District Panchayats; 60 Muni. and 5Municipal Corporations	Responsible for all small rural water supply of rural local governments; plans and implements panchayat level water supply and sanitation schemes out of plan funds;  the focal point for the implementation of the Jananidhi project and has primary responsibility for implementing all projects within a panchayat
Beneficiary Groups	User associations; (legally constituted under the Jananidhi project)		User committees responsible for operating and maintaining rural water schemes (and collecting funds for O&M from water user fees)

As seen in table 3.2, for urban water supply services (piped water supply), KWA continues to be the primary service provider. The role of municipalities continue to be secondary in nature where they also engage the KWA in implementing deposit works in their respective jurisdictions. In the rural scenario, there are GP funded and operated schemes, for which GPs may constitute beneficiary groups for implementation and O & M. however this varies across the GPs. In the rural water supply sector too, the GPs deposit funds with the KWA for the works identified by the respective GPs. In the sanitation sector, gram panchayats and the municipalities provide the service with technical support from the Suchitwa Mission.

<b>Table 3.2 Decentralized organizational structure of WSS (UW, US, RW, RS)</b>			
	<b>Leading Questions</b>	<b>Urban Water and Sanitation(KWA schemes)</b>	<b>Rural Water and Sanitation</b>
O1	Is there a public entity practically responsible for WSS (UW, US, RW, RS)within local jurisdictions? To what degree do residents rely on (regulated or	KWA is the primary provider of water supply services. Municipalities and	Panchayats have the main responsibility for small water supply

	unregulated) self-provision?	<p>corporations take on a secondary role whenever the need arises. Need identification and priority setting are done by the municipalities.</p> <p>Sanitation services are provided by municipalities with technical support from Suchitwa Mission.</p>	<p>schemes within a panchayat area. However KWA also have a primary role to the extent that they provide technical support to panchayats, construct water infrastructure based on instructions from the panchayat and paid by the panchayats. Sanitation services are provided by panchayats with technical support from Suchitwa Mission.</p>
02	Is the organizational status of the WSS provider(as relevant to UW, US, RW, RS)local in nature? If so, does the provider cover a single local jurisdiction, or does a single SDU cover multiple local jurisdictions (or even a whole region or the nation as a whole)?	<p>Yes it is local in nature. KWA has deconcentrated offices across districts. While it does single GP schemes, presently KWA is moving towards focusing mostly on multi-GP schemes.</p> <p>Sanitation services: yes it is local in nature</p>	<p>Yes it is local in nature. Local governments cover single jurisdiction.</p> <p>Sanitation services: yes it is local in nature</p>

03	<p>Is the WSS (UW, US, RW, RS) provider a department of a local government? Alternatively, is the provider a corporate body? In the latter case, who legally owns the WASA?</p>	<p>KWA is administratively under the WRD (State Department)</p> <p>Sanitation services: local government</p>	<p>local government – corporate body.</p> <p>Sanitation services: local government</p>
04	<p>In practice, is the WSS SDU executive (and/or board) appointed (and work under the guidance) of the LG?</p>	<p>KWA is a para statal agency under the WRD.</p> <p>Sanitation services: municipality hire contract staff for the upkeep of the local areas, collection of waste materials etc.</p>	<p>In both urban and rural local government, there are no water department or water engineers. The local government coopts the services from the assistant engineers of LSGD or from the KWA.</p> <p>Sanitation services: panchayat hire contract staff for the upkeep of the local areas, collection of waste materials etc.</p>
05	<p>Does the LG have authoritative decision-making authority over key aspects of the WSS (UW, US, RW, RS)SDU's operations, including staffing decisions (establishments, hiring/firing/promotion, pay)?</p>	<p>They have decision making powers but not in terms of staffing decisions</p> <p>Sanitation services: LGs can hire contract staff as mentioned above.</p>	<p>They have decision making powers but not in terms of staffing decisions.</p> <p>Sanitation services: LGs can hire contract staff as mentioned</p>



			above.
06	Does the LG have authoritative decision-making authority over key aspects of the WSS (UW, US, RW, RS) provider's finances, including budgetary decisions and tariff-setting authority?	<p>Local governments can plan for projects under plan funds. General guidelines on setting tariffs are set at the state level.</p> <p>Sanitation services: presently fees/ charges for sanitation services are not being collected. However public/ community toilets in certain areas collect nominal charges.</p>	<p>Local governments can plan for projects under plan funds. General guidelines on setting tariffs are set at the state level.</p> <p>Sanitation services: presently fees/ charges for sanitation services are not being collected. However public/ community toilets in certain areas collect nominal charges.</p>

### 3.2 The organizational structure of local WSS in urban areas

Under Kerala Municipal Act of 1994, municipalities have the legal (*de jure*) responsibility<sup>18</sup> of maintaining water supply schemes within the respective Municipal area; arranging water supply schemes within the respective Municipalities; and implementing sanitation programmes. As mentioned earlier, however, most municipalities in Kerala depend on KWA for water supply services. In addition to household connections, KWA provides public taps as well for water supply to the public. During drought seasons, in order to combat water scarcity, KWA supplies water through tanker facilities and kiosks from the authorized water

<sup>18</sup> The First Schedule of the Kerala Municipal Act, 1994 provides for the following mandatory functions of Municipalities: conservation of traditional drinking water sources; preservation of ponds and other water tanks; maintenance of waterways and canals under the control of the Municipality; collection and disposal of solid waste and regulation of disposal of liquid waste; and stream water drainage.

supply centres of KWA. Even urban households who have their own wells depends on KWA for water to a certain extent, as it is considered as an easy and alternative source.

The water bills of urban water consumers are paid directly to the KWA, which has deconcentrated Sub Centre offices in each district. Consumers can further pay their KWA water bills online.

Despite their legal mandate, municipalities and municipal corporations play little or no role in local water provision. In actual practice, there are no water engineers or other water functionaries transferred or attached to Municipalities. The municipalities generally carry out the activities with the help of the engineer from the Public Works Division transferred to local government institutions or the engineer from the local self-government department. Or, they have to take the help of sector agencies like the KWA or the Ground Water Department. In all water supply schemes, the municipalities manage the operation and maintenance.

A phenomenon noted in the urban areas are the fewer prevalence of beneficiary groups.

Municipalities plan and implement urban sanitation projects with technical assistance from the Suchitwa Mission. For both water supply and sewerage, infrastructure assets are predominantly owned and maintained by the KWA. It is the KWA which also does the repair and maintenance work on water distribution or sewerage systems and sewerage treatment. For construction of new water supply or sewerage lines, municipalities implement the projects through deposit work with KWA.

There is a low prevalence of sewerage facilities in the state. While Kochi corporation has sewerage system catering to 5 per cent of the geographical area and Thiruvananthapuram to 30 per cent of the geographical area, the remaining cities and towns do not have sewerage facilities<sup>19</sup>. In the latter case, waste water is disposed off primarily through septic tanks<sup>20</sup>. Septage management is primarily viewed as a private provision and in most cities and corporations the construction and maintenance of septic tanks is entrusted with private agencies.

### **3.3 The organizational structure of local WSS in rural areas**

As in the case of urban local governments mentioned above, panchayats too utilize the services of KWA for water supply services. KWA provides for household connections, public taps and street taps. The water bills of rural water consumers are paid directly to the KWA, which has deconcentrated Sub Centre offices in each district.

Similar to urban local governments, there are no water engineers or other water functionaries transferred or attached to Panchayats. The panchayats too generally carry

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<sup>19</sup> Achieving Total Sanitation in Thiruvananthapuram city, Background Paper II. M.Dillep Kumar, Research Unit, Local Self Government, Centre for Development Studies, Thiruvananthapuram, February 2017.

<sup>20</sup> As per the Kerala state Sanitation Strategy (under National Urban Sanitation Policy 2008), about 97.43 per cent of urban households in the state have a toilet within their residential premises. Of these, 56.69 per cent are connected to septic tanks, 21.87 per cent to pit latrines and households with connection to a centralized sewer system is about 14.32 per cent.

out the activities with the help of the engineer from the Public Works Division transferred to local government institutions or the engineer from the local self-government department. Or, they have to take the help of sector agencies like the KWA or the Ground Water Department. In most cases, operations and maintenance are done by the panchayats and where beneficiary groups are active and functioning, the O&M are done by them.

### **Rural water provision by KWA.**

KWA provides water supply on a supply/ demand basis. The demand arises from the need of the local governments for water supply service. The panchayat passes a resolution to formalize the request for implementation by KWA which is submitted to KWA. The latter assesses various factors like source, feasibility, sustainability etc before implementation and advises the local government accordingly. In recent years, KWA has been taking up mostly multi-GP schemes to offset cost and technical constraints that arise in single-GP schemes. The focus of KWA now is also on schemes which are comprehensive in nature involving not only a stand-alone water supply system, but also linking it with construction of water treatment plant and involving rural and urban areas. Single-GP water supply services are now mainly limited to areas where the poor and the marginalized sections reside. Even for multi-GP schemes, KWA is restricting to construction, leaving O&M to the panchayats, unless otherwise the O&M costs are built into the project proposal. Alternatively, the Government of Kerala or the KWA decide and plan for water supply services in a specific jurisdiction. Here the local MLA (Member of the Legislative Assembly/State Legislature) takes the lead and sources of fund come from diverse sources like the MLA fund, panchayat fund, donors, etc.

Under the KWA, there is an Investigation, Planning and Design wing that looks after the preparation of project reports for the formulation of the different water supply and sewerage schemes. The preparation of a preliminary engineering report and investigation estimate is the first step after which a detailed survey is conducted followed by a detailed engineering and estimate report.

**Rural water provision by Gram Panchayat.** Several years after the passage of the Kerala Panchayat Act (1994), the Government of Kerala sought to legally transferred small water supply schemes to the panchayats. As per the government order in 1998, 1050 schemes of KWA were supposed to be transferred from KWA ownership and management to the panchayats. It was envisaged that the panchayats will eventually be responsible for the implementation, maintenance, quality control, repairs, augmentation and improvements of the schemes and meet all expenditure from their own resources by modifying the tariff structure according to the prevailing rules; and that the staff working exclusively in the schemes will eventually be transferred to the panchayats.<sup>21</sup>.

However, till date, only very few schemes (452) have been transferred to the local bodies as detailed in the table below.

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<sup>21</sup> Government Order G.O.(MS) No.125/98/Ir.D, Irrigation (WSC) Department, Thiruvananthapuram, dated 23 November 1998

**Table 3.3 District wise distribution of KWA Water Supply Schemes transferred to Local Bodies, 2010-11 <sup>22</sup>**

Sl.No	District	Number of Schemes (Rural)		Total	Population coverage
		From the list of 1050 schemes	From other than the list of 1050 schemes		
	Thiruvananthapuram	2	0	2	33667
	Kollam	2	0	2	3950
	Pathanamthitta	0	0	0	0
	Alappuzha	0	0	0	0
	Idukki	3	1	4	2710
	Kottayam	9	0	9	32400
	Thrissur	19	22	41	57640
	Ernakulam	1	0	1	1500
	Palakkad	69	51	120	434300
	Malappuram	45	56	101	264643
	Kozhikode	49	65	114	142315
	Wayanad	10	1	11	42445
	Kannur	6	2	8	4800
	Kasargode	14	25	39	28700
	<b>Total</b>	<b>229</b>	<b>223</b>	<b>452</b>	<b>1049070</b>

The disparity in the de jure aspects of WSS in the state and the de facto situation can be summed up with the following example. In the district of Alappuzha, Kerala, KWA was to transfer 94 schemes covering 53 panchayats. These schemes included 12148 street taps and 31435 domestic and 2233 non-domestic connections. However the gram panchayats did not take up these schemes due to technical staff limitations. According to estimates the gram panchayats lost assets worth Rs.46 crores which otherwise would have accrued to them and enabled them to provide better services in this sector<sup>23</sup>.

With regard to the construction and design of water supply schemes by panchayats, local governments are provided plan allocation in the form of untied grants from the state plan, ranging from 35 to 40 per cent of the state budget, for local development. The plan allocation serves two purposes: one it allows the local bodies full freedom to plan and implement their own schemes based on the priorities framework; and the other to implement the centrally sponsored and state sponsored schemes transferred to the panchayats<sup>24</sup>. These plan allocations have enabled many local governments to plan and implement a large number of small water supply projects in their respective panchayats. The prevailing modality of the panchayats is to pass a resolution in the panchayat council

<sup>22</sup>Infrastructure Statistics of Kerala, Department of Economics and Statistics. Government of Kerala

<sup>23</sup> Audit Report (LSGIs) Government of Kerala. 2005

<sup>24</sup>The Twelfth Five Year Plan (2012 – 2017), State Planning Board, Government of Kerala. 2013

to have the implementation work done through the KWA. Operation and Maintenance are the responsibility of panchayats.

### **Box 3.2: The Kerala Panchayati Raj Act, 1994**

The third and the fifth schedule of the Kerala Panchayati Raj Act, 1994 specifically states the water and sanitation services to be provided by rural local governments.

As per the Third Schedule of the Kerala Panchayati Raj Act, 1994, the village panchayats have to perform the following mandatory functions: maintenance of traditional drinking water sources; preservation of ponds and other water tanks; maintenance of waterways and canals under the control of Village Panchayats; collection and disposal of solid waste and regulation of liquid waste disposal; and storm water drainage

Under sector-wise functions, village panchayats have the responsibilities of: management of water supply schemes within a village panchayat; setting up of water supply schemes within a village panchayat; and implementation of sanitation programmes.

As per the Fifth Schedule of the Act, district panchayat is responsible for the implementation of water supply schemes covering more than one village panchayat; and taking over of water supply schemes covering more than one village panchayat;

*The power of the panchayat in the preparation and execution of schemes related to water supply and sewerage works:* In 1999, the government of Kerala transferred the small water supply schemes to panchayats and the power to panchayats to collect water and sewerage service charges from the beneficiaries, through an amendment to the Kerala Panchayat Raj act, 1994. Accordingly, article 234C of the Act states:

“ (1) Notwithstanding anything contained in the Kerala Water supply and Sewerage Act, 1986 (Act 14 of 1986), the respective panchayat shall have the right and power to prepare and implement water supply or sewerage scheme within the area of a panchayat. (2) When the Water supply schemes and sewerage schemes are prepared in accordance with sub-section (1) and if it is beneficial to the residents of more than one village panchayat area, it shall be prepared and implemented by the concerned Block Panchayat and if it is beneficial to the residents of more than one block panchayats such schemes shall be prepared and implemented by the district panchayat concerned; Provided that the provisions of this section shall not affect the preparation and implementation of such schemes by more than one panchayat among themselves. (3) The panchayats preparing and implementing the water supply and sewerage schemes in accordance with sub-section (1) may collect water charges and sewerage service charges from the beneficiaries in the manner prescribed”<sup>25</sup>.

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<sup>25</sup> The Kerala Panchayat Raj Act, 1994. Government of Kerala

### ***Rural water provision by Beneficiary Groups***

Taking into consideration the large number of drinking water projects taken up by local governments with the support of beneficiary groups, the government of Kerala issued guidelines in the year 2000, regarding the constitution and role of beneficiary groups. As such, beneficiary group is the association of every household directly benefited by a water supply scheme and consists of not more than two adult representatives (voters) of each household, of whom one shall be a woman, if there is an adult woman in the household. The beneficiary groups shall be constituted by convening a meeting of households directly benefited by the water supply schemes. They shall meet as frequently as required. The beneficiary group has to be registered as a Charitable Society under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1995 and Societies Registration Act, 1860.

The Beneficiary Committee will act as the executive wing of the BG. The society may open a bank account and their audit and inspection will be prescribed by the government from time to time. All documents of the BC will be treated as public documents and purchases made by the BC using public funds shall be instructed by the government. The Beneficiary Committee shall be selected from among the members of the BG. The Beneficiary Group is responsible for undertaking social audit after the completion of each project. They are also empowered to discuss the arrangements for operation and maintenance and based on this decision, user charges and cross subsidization would be finalized. The beneficiary committee has the power to collect user charges as determined by the beneficiary group.

A defacto analysis can show that many of the beneficiary groups are just consultative and advisory in nature.

For small schemes, mostly only the implementation of the project is carried out by local body. The Operations & Management is done by the beneficiaries directly or from the metered charges collected as beneficiaries (if it is implemented as a beneficiary group project, mandatorily 10% of the total cost has to be borne by the beneficiaries)

#### ***Box 3.3: Provision of water services by KRWSA/Jalanidhi***

The Kerala Rural Water Supply and Sanitation Agency (KRWSA) was established by the Government of Kerala as a special purpose vehicle to implement Jalanidhi - the World Bank rural water supply and sanitation project. Demand responsiveness, community ownership and sustainability of investments have been the key drivers in this project.

The key stakeholders under the Jalanidhi project are:

State level institutions: Water Resources Department, KRWSA, KWA and Local Self Government department.

Gram Panchayat level Institutions: Gram Panchayats, Gram Panchayat Support Team, Beneficiary Groups, and Support Organizations.

The Gram Panchayats have the primary responsibility for implementation of all projects within the jurisdiction of a gram panchayat. For this the president of the gram panchayat

will be supported by the general body of the panchayat, the secretary of the GP and the panchayat's water and sanitation committee set up for the project. Under the Jananidhi project, bilateral MoUs have been developed which spells out the roles and responsibilities, both administrative and fiduciary, of the GPs and KRWSA. This MoU have to be signed by the KRWSA and the project GP. The MoU is entered into buy the local government as a project requirement binding them to certain rules and benchmarks.

A GP level water supply committee will be formed for effective implementation and monitoring of water supply. The committee will be chaired by the GP president and will have the GPs standing committee chairperson for health and education as vice-chairperson, GP secretary as convenor, beneficiary group representatives of small WSS where applicable, president/secretary of SLC for large WSS and multi GP schemes where applicable.

It is estimated that over 70 per cent of project expenditure will be incurred by GPs and Beneficiary Groups within the administrative areas of the GPS – mainly on RWSS infrastructure development<sup>26</sup>. To ensure quality control there will be a GP level Support Team by the regional level KRWSA, and a Support Organization to be recruited by the Gram Panchayat.

Beneficiary groups under the project: “Beneficiary Groups is the association of users that evolves based on water scarcity and felt need for water. The BGs formed are the grassroots institutions responsible for planning, implementing operating and managing project components.” The BGs are formally registered under the Travancore-Cochin, Scientific and Charitable Societies Registration Act, 1955. The BG members comprise two adult members (generally the head of the household and the spouse) of participating households. Each BG will select a beneficiary committee consisting of president, vice-president, secretary, joint secretary, treasurer and four to six other members. They are responsible for the day-to-day implementation of the project”<sup>27</sup>.

In addition there will be support organisations (SOs) recruited by GPs for assisting the GPs and BGs on a day to day basis. Similarly there are support organizations recruited by KRWSA. With regard to large WSS and multi GP schemes, scheme level committees (SLCs) are set up by the GP.

The Kerala Water Authority, Local Self Government Department and the Suchitwa Misison are the sector partner institutions under the Jananidhi project.

## **Sanitation**

Local governments in rural area are responsible for providing sanitation services. In this they are technically assisted by the Suchitwa Mission (detailed below) and the KWA. Panchayats are responsible for need identification and prioritization. The projects that

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<sup>26</sup>Implementation Arrangements. Annexure 3. Jananidhi II PAD

<sup>27</sup> ibid

emerge are vetted by the Suchitwa mission and funds are disbursed to them. The work of emptying cesspits and solid and liquid waste management is done by the local governments through enlisting the services of contract workers with specialized skills. Usually it is a completely private provisioning of this service under the supervision of the local government and fees paid for service that is rendered.

### **Suchitwa Mission**

Suchitwa Mission is the nodal agency for assisting cities, municipalities and panchayats in sanitation and waste management aspects. It is an organization located under the Local Self Government department of the state and is registered as a society under the Travancore Cochin Literary Scientific and Charitable Societies Registration Act 1955. The mission is responsible for:

- (iv) evolving implementation strategy
- (v) providing policy in the sectors of sanitation and various solid and liquid waste management issues
- (vi) providing technical inputs for sanitation and waste management projects

#### *Organization of the Mission*

The management and control of Suchitwa Mission is entrusted to a governing body. The Minister for local self government is the chairman of the mission and the Principal Secretary, local self government department is the vice – chairman. The Principal Secretary is also the chairman of the executive committee of the Mission. The Member Secretary is the Commissioner for rural Development and the Member Convenor is the Executive Director of the Suchitwa Mission. The members of the Mission are the President of Gram Panchayat Association; Chairpersons of Mayors Council; Chairperson Municipal Chairperson' Chamber; Member in charge of Decentralization, State Planning Board, Principal Secretary (Health and Family Welfare); Secretary (General Education); Principal Secretary (Water Resources), Secretary (Social Welfare); Executive director (Kudumbashree); Executive Director and Member Convenor; Director of Panchayats; Director of Urban Affairs; two technical experts to be nominated by the state government; 3 eminent women and 3 representatives of voluntary organization involved in public health programme to be nominated by the state government<sup>28</sup>.

### **3.4 Assessing the organizational structure of water and sanitation services**

As mentioned in the start of this chapter, the decentralized delivery of water and sanitation services in Kerala reflects a hybrid model in which state-level agencies, local government



institutions as well as beneficiary groups play an important role in the provision of water and sanitation services.

An element of competition can exist between the Kerala Water Supply and Sewerage Act, 1986 and the respective Local Government Acts. However in actual practice there is only limited 'competition' or duplication, as local governments do not have any water department or deliver any meaningful water service. Experts in the state are of the view that there is a spirit of co-existence among the different stakeholders in the provision of these services. This follows that there are parallel approaches being followed at present especially in the water sector which has its own challenges. Due to the multiple approaches being taken for the implementation and operation of WSS by the different stakeholders, the current need is to streamroll an initiative wherein a unified institutional model is developed.

It follows that a regulatory system should be in place that will regulate quality and tariff. The regulator should have two wings to oversee quality of water and another to bring parity in tariffs. A model whereby a common institutional arrangement for small rural WSS and in large rural WSS the supply could be given to the community and standardization of this model could be one way forward.

Likewise, generally in Kerala most of the rural and urban households have traditional sources of water. For minor technical solutions relating to the working of a pump or a motor, locally available plumbers or technicians are called in to resolve the issues. For a sustained mechanism to be in place it is advisable to have a repository of engineering professionals who can give advice. Probably the same support system could be there in districts also having block level service teams who can give such advice on technical and other matters. An NGO system of support can also be effective.

In short, Kerala is simply a deconcentrated system that is failing to follow its devolved laws. LGIs are largely used for identifying priorities, for community mobilization and coordination.

## 4. The assignment of functional responsibilities in water and sanitation services

### 4.1 Overview of the assignment of functions and responsibilities for local water and sanitation services

This section provides a detailed account of the assignment of functional responsibilities. LGIs are made responsible for WSS, but many of the resources are earmarked and funneled to them through state-level agencies. State agencies are also involved directly in infrastructure development, and make final decisions on what gets funded and what does not get funded. As such, there are gaps between de jure and de facto. Furthermore, this section assesses whether the functional assignment is efficient in line with the subsidiarity principle.

	<b>Leading Question</b>	<b>Urban Water and Sanitation (KWA schemes)</b>	<b>Rural Water and Sanitation</b>
A1	According to the legal framework, are WSS (UW/US/RW/RS) provided by local governments in line with the subsidiarity principle? If so, which specific responsibilities are assigned to local governments and/or other local entities by the policy/legal framework?	<p>There is duplication of services as functions are assigned to local governments and the state.</p> <p>While de jure urban local governments have been given the functions of water supply and sanitation services, de facto the primary service provider continues to be KWA. Also the corresponding transfer of functionaries have not taken place. Urban local governments take the technical</p>	<p>While de jure rural local governments have been given the functions of water supply and sanitation services, de facto the corresponding transfer of functionaries have not taken place. Rural local governments take the technical services of KWA or the engineers from the LSGD to implement the work.</p> <p>In sanitation, rural local bodies are the front line service providers for non sewerred services.</p>

		services of KWA or the engineers from the LSGD to implement the work.  In sanitation, urban local bodies are the front line service providers for non sewered services. For sewered services they rely on KWA.	
A2	In practice, are local governments (or a WASA under the LG) responsible for the recurrent provision of WSS (UW/US/RW/RS) in line with the subsidiarity principle? If so, which services do they provide in practice?	In practice, it is the state government (KWA) that provides for the recurrent provision of services for both water supply and sanitation.	In practice, it is the state government (KWA) that provides for the recurrent provision of services for both water supply and sanitation
A3	In practice, are local governments (or a WASA under the LG) responsible for planning and procuring the capital infrastructure required for providing WSS (UW/US/RW/RS) in line with the subsidiarity principle?	KWA provides for capital infrastructure	Panchayats take the services of KWA
A4	Does the <i>de facto</i> assignment of functions (authority and responsibility) match <i>de jure</i> functions (authority and responsibility)?	No	No

The following table shows the various public sector agencies (at the central, regional and/or local government levels) that are involved in policy formulation (including standard-setting), regulation, financing and monitoring/oversight of water and sanitation services:

	<b>Water</b>	<b>Sanitation</b>
Who sets the policy framework for water and sanitation?	Government of Kerala	Government of Kerala sets the policy framework in sanitation and various solid and liquid waste management issues, with inputs from Suchitwa Mission.
Who is responsible for setting water	KWA is responsible for establishment of state standards for water supply and waste water services.	The Manual on Sewerage and Sewage Treatment of the Central Public Health and Environmental

and sanitation quality standards?	In recent years, the Ministry of Urban Development (MoUD), Government of India, has devised the Service Level Benchmarking (SLB)* initiative covering water supply, wastewater, solid waste management (SWM) and storm water drainage.	Engineering Organization, Ministry of Urban Development (MoUD), sets out technical norms for best practice in on-site sanitation and wastewater management. The norms set out in the manual are not mandatory but provide guidance for engineers. The manual also makes reference to relevant Indian Standards and Codes of Practice notified by the Bureau of Indian Standards. All Indian Standards' codes represent a standard of good practice and therefore take the form of recommendations. They are not mandatory unless made so under contract <sup>29</sup> . The Ministry of Urban Development also issued an advisory note on the Septage Management in Urban India 2013.
Who is responsible for monitoring adherence with water and sanitation quality standards?	Kerala Water Authority is monitoring the public drinking water schemes set up by KWA. Other agencies include the state Pollution Control Board, the Central Ground Water Board Thiruvananthapuram and the Kerala State Ground Water Department.  Under service level benchmarking of the MoUD, cities have to notify the Government of Kerala based on specified indicators.	KWA, LSGD and Kerala State Pollution Control Board
Who is responsible for establishing a National Water Supply and Sanitation plans and targets?	The Ministry of Drinking Water and Sanitation is the nodal department for the overall policy of drinking water and sanitation in the country (rural India).  Urban Drinking Water supply – Ministry of Urban Development	Rural sanitation - Ministry of Drinking water and Sanitation  Urban sanitation – Ministry of Urban Development
Who is responsible for establishing GoK	Water resources Department, government of Kerala (they follow GOI guidelines specified in the national plans).	LSGD /Suchitwa mission

<sup>29</sup> Technology Options for Urban sanitation in India. A guide to decision making. Water and sanitation program. Government of India. September 2008. [http://moud.gov.in/upload/uploadfiles/files/Urban\\_Sanitation.pdf](http://moud.gov.in/upload/uploadfiles/files/Urban_Sanitation.pdf)

WSS plans and targets?	KWA has the function of preparation of state plans for water supply and collection and disposal of waste water on the direction of the government of Kerala.	
Who is responsible for setting or providing guidance/regulation on water and/or sanitation tariffs for cost recovery?	Government of Kerala	Government of Kerala
Who is responsible for financing the design and construction of water and sanitation supply systems?	Government of Kerala is responsible for financing. GoK has its own plan funds; they also do it with help of financing institutions like ADB, NABARD, LIC and the World Bank.	GoK is responsible for financing through Suchitwa Mission for central and state sponsored schemes. Local governments finance through their own plan funds.
Who is responsible for financing operations and maintenance of water and sanitation supply systems?	GoK is financing for schemes owned and operated by KWA. For LSG schemes the LSGIs themselves meet the expenses and for the Community managed schemes the user groups are meeting the O &M.	Local governments are responsible for financing O&M.

\* The Ministry of Urban Development (MoUD), Government of India, launched the Service Level Benchmarking (SLB) initiative that covered water supply, wastewater, solid waste management and storm water drainage in 2009. The SLB handbook provides detailed guidelines on the definition, calculation methodology, monitoring guidelines, a service goal (to be achieved over a period of time) and data reliability grading scale. This initiative sought to; identify a minimum set of standard performance parameters for the water and sanitation sector commonly understood and used by all stakeholders across the country; define a common minimum framework for monitoring and reporting on indicators; set out guidelines on how to operationalise this framework in a phased manner. The SLB framework encompassed 28 performance indicators. Importantly, this principle of benchmarking was further endorsed by the 13th Central Finance Commission that included SLB as one of the nine conditions for the allocation of performance-based grants to ULBs,

that amounted to approximately Rs. 8,000 crore over the period 2010–15<sup>30</sup>. In Kerala SLB pilot was initiated in Trivandrum and Calicut.

In the case of the decentralized provision of water services, the following table shows the role and responsibilities of the local government (NG, LG) and/or of the role and responsibilities of the water and sanitation authority (WASA):

	<b>Water supply services</b>
Is the State Govt, LG (or the WASA) responsible for providing—and does the State Govt, LG or WASA provide—residential piped water access for residents (where available)? If so, what is the percent of residents that is served in this manner?	KWA provides residential piped water access. As per census data, 24.5% of the rural households and 34.9% of the urban households are served by piped water supply.
Is the State Govt, LG (or the WASA) responsible for providing—and does the State Govt, LG or WASA provide—community water points for residents where piped residential water in unavailable? If so, what is the percent of residents that is served in this manner?	KWA provides community water points or public stand posts
Is the State Govt, LG (or the WASA) responsible for—and does the State Govt, LG or WASA—effectively regulate and inspect private wells and boreholes (and other private water providers)?	No such regulations or inspection. State GWD has some ground water regulation.
Is the State Govt, LG (or the WASA) responsible for—and does the State Govt, LG or WASA—effectively monitor water quality in public water systems?	Kerala Water Authority monitors water quality. State Ground Water Department is also doing this activity.
Is the State Govt, LG (or the WASA) responsible for—and does the State Govt, LG or WASA—have a plan to increase water access for unserved residents?	Yes

<sup>30</sup> Service Level Benchmarking, Ministry of Urban Development, Government of India

In the case of decentralized provision of sanitation services, the following table shows the role and responsibilities of the local government (NG, LG) and/or of the role and responsibilities of the water and sanitation authority (WASA):

	<b>Sanitation services</b>
Is the State Govt, LG (or the WASA) responsible for providing—and does the State Govt, LG or WASA provide—household connections to a sewer system (where available)? If so, what is the percent of residents that is served in this manner?	Local governments provide household connections to a sewer system. In Thiruvananthapuram corporation, there is 30 per cent sewerage connection and in Kochi it is 5 per cent. The rest of the cities and towns have no sewerage network.
Is the State Govt, LG (or the WASA) responsible for providing—and does the State Govt, LG or WASA provide—latrines / public sanitation facilities for residents (e.g., in informal areas)? If so, what is the percent of residents that is served in this manner?	Local governments are responsible
Is the State Govt, LG (or the WASA) responsible for providing—and does the State Govt, LG or WASA provide—any liquid waste exhauster/emptying/transport services?	State government provides for such services. However mostly this is contracted out to private agencies (which is considered illegal <sup>31</sup> )
Is the State Govt, LG (or the WASA) responsible for operating—and does the State Govt, LG or WASA operate—(or use) a functioning waste water treatment facility?	LG is responsible; but is mostly done through KWA.
Is the State Govt, LG (or the WASA) responsible for—and does the State Govt, LG or WASA—effectively enforce sanitation regulations (e.g., ensuring that new housing units have toilets and/or regulate private sector sanitation service providers)?	Local government enforce sanitation regulations
Is the State Govt, LG/ WASA responsible for— does the State Govt, LG/WASA—have a plan to increase sanitation access for unserved residents?	Yes, local governments have plans to increase sanitation access for unserved residents.

<sup>31</sup> The practice of emptying septic tanks and manual handling of fecal sludge has been included in The Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013.

## **4.2 The assignment of functions and responsibilities for local WSS in urban areas**

In Kerala, both rural and urban local bodies have water supply and sanitation services designated as mandatory functions as per the respective Acts. This includes maintenance of traditional drinking water sources, preservation of ponds and water tanks, management and distribution of water supply, preparing and implementing water supply and sewerage schemes, collection and disposal of solid wastes and regulation of liquid waste disposal. Urban sanitation services provided include sewage treatment plants and individual soak pits. The functional assignment includes planning, budgeting, financing, financial management (levy and collection of water and sewerage charges), operations and maintenance.

*Defacto*, local governments (gram panchayats and municipalities) are responsible for identifying the felt needs of the community in their jurisdiction. When a need for a water supply and sanitation service is identified in the ward sabha and makes its way through various participatory mechanisms/ forums to the gram panchayat level, the need takes a final form as a project proposal. This proposal is then vetted through many deliberative, participative and technical forums. Once the final vetting from District Planning Committee is received, the proposal gets the go ahead for implementation. The modality of implementation (procurement etc.) is then decided by the panchayat/ municipality.

For both municipalities and gram panchayats the following holds true. Mostly drinking water supply projects are given as deposit works to KWA by the panchayat (labour and infrastructure like overhead tanks, laying of pipe lines, public taps etc.). The panchayats normally deposit the requisite fund in KWA or the State Ground Department and the activity which is known a 'deposit work' is then implemented by them. These utilities prepare a detailed project report (DPR) and in consultation with the GP board members plan, design and implement the work by availing the service of contractors. KWA directly or through tender process implements the project and provides Utilization Certificate to the LBs on completion of the work. To the degree that KWA does "deposit works" as a contractor for LGIs, this is actually potentially quite efficient. LGI identifies priority, and KWA has scale economies and technical expertise.

Kerala Water Authority is the major water supply provider to Panchayats. The public water taps in the respective GP jurisdiction is distributed by the KWA, the rent for which has to be paid by the GP (approximately Rs.60,000 – 75,000), depending upon the population and usage. Residents pay water charges to the local KWA office.

This is the normal practice followed by the GPs for water supply schemes using the technical assistance of Government departments. They are also free to take assistance from the private sector but normally Government officials like GP secretaries avoid such things as they have to follow the procurement clearances etc .

KWA also plans and implements schemes from its own budget provisions within the gram panchayat. In this case KWA collects the water tariff for Household connections. For public taps GP has to pay the requisite amount to the KWA. Normally the GPs default on the



payment and later the government deducts it from the plan allocation of the GP and remit to KWA upon request.

While de jure panchayats and municipalities can form beneficiary groups to implement and do the O &M of water supply services, in practice, it varies across local governments.

### **4.3 The assignment of functions and responsibilities for local WSS in rural areas**

**Water services.** The functions and responsibilities are the same as detailed above. Unlike the Municipalities, majority of the Grama panchayats also depend on their own water sources (public wells, common tube wells, renovated ponds etc) for their water sources and implement projects for drinking water schemes. However KWA continues to be the major water supply provider. Currently under the HarithaKeralam scheme and other sectoral missions initiated recently by the government, the latter is promoting the conservation, management and extraction of water by LBs to cater to the demands.

#### **Sanitation services (urban and rural)**

As mentioned earlier, the Kerala Panchayat Raj act, 1994 and the Kerala Municipality Act, mandates that sanitation services be provided by the rural and urban local governments respectively. Local governments provide sanitation services (1) through their own plan funds; and (2) with the financial and technical assistance of Suchitwa Mission.

#### **Sanitation services through utilizing Plan funds (Rural)**

Based on the need identification, rural and urban local governments can plan and implement sanitation projects out of their plan funds. While the local governments are free to design and implement their own projects, these projects have to adhere to the broad guidelines brought out by the government of Kerala from time to time. For preparation of state five year plans, the government brings out detailed guidelines and indicative projects in each sector which will guide the local governments in the formulation of their local plans and projects. For the 13<sup>th</sup> Five Year Plan (2017-2022) which is being formulated by the state presently, the indicative list of projects<sup>32</sup> that gram panchayats can consider for sanitation projects includes:

- Promoting the setting up of compost pits, bio-gas plants at household, institutional and community levels.
- Maintenance and renovation of existing garbage recycling plants.
- Buying and making available suitable land for Material Recovery Facility Centres
- Projects for setting up gas crematoriums, slaughter houses, packaged sewage septage treatment plants

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<sup>32</sup> [http://www.go.lsgkerala.gov.in/files/go20170329\\_16596.pdf](http://www.go.lsgkerala.gov.in/files/go20170329_16596.pdf)

- Projects for setting up public and community toilets and ensuring that they have requisite provision of water, electricity and are regularly cleaned.

Some indicative projects listed for block panchayats include:

- Setting up public toilets in institutions transferred to panchayats.
- Buying and making available land for establishing Material Recovery Facility Centres.
- Making provision for sewage treatment plants in hospitals transferred to panchayats, public sanitation facilities in other institutions etc.
- Sharing financial costs for projects jointly undertaken by the three tiers of the panchayat for gas crematorium, slaughter houses, packaged septage treatment plants, Regional Sanitary Land fill.

Projects listed for district panchayats include:

- Setting up public and community toilets and ensuring that they have requisite provision of water, electricity and are regularly cleaned
- Buying land for establishing Regional Sanitary Landfill
- Sharing financial costs for projects jointly undertaken by the three tiers of the panchayat for gas crematorium, slaughter houses, packaged septage treatment plants, Regional Sanitary Land fill.

For these projects local governments can finance from their own plan funds. In addition, the panchayats and municipalities can approach the Suchitwa Mission for technical and financial assistance if any of their projects fall under the broad program categories of the Suchitwa Mission

To provide sanitation services, every panchayat has Ward Level Health Sanitation Committees (WHSC) in the respective wards. The chairman of the WHSC is the concerned panchayat elected member of the ward and convenor is Health Inspector/ Junior Public Health Nurse/ Junior Health Inspector of the panchayat PHC. This committee is in charge of all sanitation related activities of the ward including training and awareness. Each WHSC is provided with a financial assistance of Rs.25,000 (10,000 from Suchitwa Mission, 10,000 from National Rural Health Mission (NRHM) and 5000 from panchayat) for conducting he activities. For the fund transactions, a Joint account of this committee is maintained and operated by panchayat Secretary and Health Inspector. Review meetings of these committees are carried out periodically by the panchayat council for effective implementation.

### **Sanitation services through utilizing Plan funds (Urban)**

As in the rural sector, urban local governments are also required to prepare plans and projects for each sector. Similar projects as listed above for rural local governments are given as indicative projects for urban local bodies too, as per the guidelines issued to them for the formulation of local plans under the 13<sup>th</sup> Five Year Plan.

For the collection and management of solid and liquid wastes, sanitary workers are engaged by rural and urban local bodies. In majority of the cases, home based collection of wastes are carried out by *Kudumbashree* units and city based wastes are collected by sanitary workers engaged by Municipalities. For the home based collections, Kudumbashree units are paid by the beneficiaries itself and for the sanitary workers, payments are made by LBs. Most of them are contract staff. Generally Municipalities are not undertaking any sewer treatment before it is dumped in the river. But projects to install such treatment plants have been envisaged by certain municipalities.

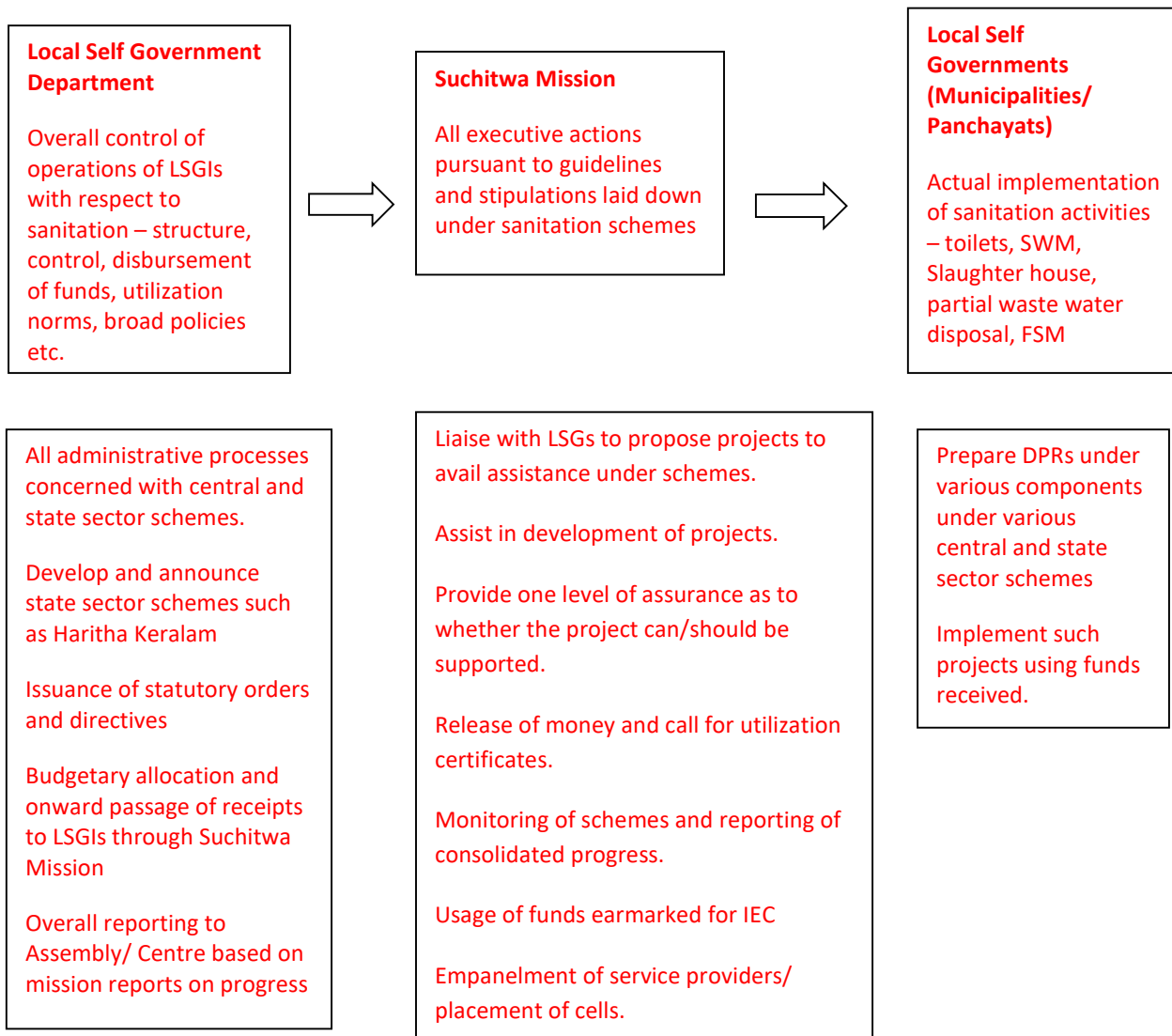
*City Sanitation Plan*: recently, through the National Urban Sanitation Policy 2008, the City Sanitation Plan has been introduced as the 'primary instrument of water and sanitation sector planning by the Municipal authorities that covers all the relevant subsectors (solid waste management, sanitation, water supply, storm water management, waste water management) in an integrated approach'. Presently, in Kerala 20 cities have prepared their city sanitation plans. The preparation of the city sanitation plan requires cities to make a detailed assessment of the city's sanitary conditions, the pressing issues and challenges through a participatory approach and draw up a city plan to address the present issues and future requirements of the city.

### **Sanitation services utilizing technical and financial assistance of Suchitwa Mission**

Local governments are the overall sanitation service providers under Suchitwa Mission. As mentioned earlier, panchayats and municipalities approach the Suchitwa Mission for projects falling under the broad program categories of the Mission. This includes central and state sponsored sanitation schemes<sup>33</sup>. The following figure illustrates the modality of functioning.

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<sup>33</sup> State Schemes include Suchitwa Keralam Waste Management Scheme for Urban areas, Suchitwa Keralam Waste Management Scheme for Rural areas, and Integrated Low Cost Sanitation – Value addition. Centrally Sponsored schemes include Swachh Bharat Mission (Urban), Swachh Bharat Mission (Rural), Preparation of City Sanitation Plan which is currently being done for 20 ULBs.



Source: Institutional strengthening/ Professionalization of Suchitwa Mission. GIZ support to the Government of Kerala for implementation of measures under State Sanitation strategy. Draft Findings and Proposals. Prepared in consultation with Suchitwa Mission. April 2017.

As seen in the figure above, based on the need and demand, the LGIs put forward proposals to the Suchitwa mission, which will scrutinize the proposal and provide Technical Sanction (TS) for implementation. Depending upon the demand, Suchitwa Mission finance the projects and LGIs synergise other sources of funds depending upon the financial outlay.

Suchitwa Mission has already empaneled (pre-selected or short-listed) competent agencies for the installation and management of waste management projects in LBs. The Technical Sanction for such projects under LBs are provided by Suchitwa Mission. The local governments can take the services of service providers empaneled by the Suchitwa Mission based on an evaluation process. These empaneled services providers are entrusted works by LSGs

through a tender process. The local governments can directly approach the Accredited Agencies(empanelled annually by SM) for executing the works. Once LSGs execute agreement with service providers they enjoy supervisory control over them.

Other programmes through which local governments have been receiving technical and financial support for sanitation/ solid waste management services are the Kerala sustainable Urban Development Project (KSUDP) which provides technical and financial support to Municipal Corporations and some major Municipalities; theJawaharlal Nehru National Urban Renewal MissionUrban Renewal Mission and Urban Infrastructure Development scheme for small and medium Towns.

#### **4.4 Assessment of the assignment of functions and responsibilities**

It is clear from the above discussion that a huge gap exist between the de jure and de facto situation. There is also duplication of functions and responsibilities with both local and state governments performing similar tasks.

Currently urban local governments face the challenges of not having the infrastructural wherewithal of providing water supply efficiently.

With regard to rural local governments, and beneficiary groups, they are in a better position to operate schemes in varying degrees of efficiency but limited to small water supply schemes.

The outcomes of Jananidhi phase I reiterates that with clear guidelines and rules governing the panchayats and community groups along with a demand and community driven approach results in efficient management of water supply. According to estimates, most of the systems created during Jananidhi phase I are still operational. The only issue with Jananidhiwas the lack of a fall back option if any natural calamity occurred – a technical support repository was not there and even now that is a gap. Wherever the systems in Jananidhiare now defunct it is more due tothe reasons of the GP or GoK not providing this needed support and the sites failing to sustain.

In Kerala in the present scenario it is difficult to say that there are economies of scale, in the rural water sector. To keep a line of separate staff for water supply and sanitation is not viable in the present Kerala scenario. At the same time care should be taken to ensure that quality is maintained by the provider/KWA. This is one challenge. Awareness creation and supervision are much needed.

Regarding clarity of functional assignments, the fourth State Finance Commission ( 2011) had noted lack of clarity in the relationship between local governments and state government including parastatals performing functions assigned to local governments and advocated for more clarity. The commission also recommended to detail out the roles and responsibilities of staff transferred to local governments and nuances of the relationship between elected members and office holders and permanent officials need to be set out in

detail. The government has accepted these recommendations <sup>34</sup> (accepted here means the recommendation is accepted by the cabinet and only implementation remains, by the respective department in terms of making it a law or a government order or any institutional change if need be, etc.).

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<sup>34</sup> Action Taken Report, IVth State Finance Commission. State Planning Board. Government of Kerala

## 5. Effective and responsive local political leadership

### 5.1 Overview of the role of the local political leadership for local water and sanitation services

As noted in the previous sections, by law, local governments (in urban as well as rural areas) are required to provide for public services, including water and sanitation services. In practice, however, this role is much more limited, and largely focuses on marginal improvements in water and sanitation infrastructure. As such, local political decision-making processes can have an impact on the quality of local public services,

The objective of this section is to understand the extent and manner in which political decision making power is decentralized to the local governments and to assess the extent to which the leaders at the local level can be held accountable for their performance by the local citizens.

Compared to other states in India, Kerala has gone a long way in providing local governments with meaningful political decision-making space through the transfer of development functions, certain funds and necessary statutory and administrative framework to enable the local governments to take independent decisions.

At the same time, there are clear limitations to the role of local governments in providing water and sanitation services. For instance, as noted in Section 2, while local governments tend to have extensive legal functional assignments, they typically do not employ or control the front-line service delivery staff that provides public services. These staff remain under the employment of the state government, although elected local governments have a degree of managerial oversight. The same is true within the realm of water and sanitation, where local governments continue to be quite heavily reliant on state-level departments and authorities.

	<b>Leading Questions</b>	<b>Urban Water and Sanitation (KWA schemes)</b>	<b>Rural Water and Sanitation</b>
B1	Does the local government level have meaningful “political” decision-making space (responsibility and authority), separate from higher-level governments?	Municipalities identify and prioritise needs and engage citizen participation. However they do not have control over recurrent service delivery. KWA continues to provide water services.	Gram panchayats identify and prioritise needs and engage citizen participation. However they do not have control over recurrent service delivery. Identified and proiritised work are given to KWA as

		<p>Municipalities provide sanitation services with technical assistance from the Suchitwa Mission. They can hire contract staff for cleaning and upkeep of the area, and usually engage private agencies for cleaning and emptying septic tanks.</p>	<p>deposit work.</p> <p>Gram panchayats provide sanitation services with technical assistance from the Suchitwa Mission. They can hire contract staff for cleaning and upkeep of the area, and usually engage private agencies for cleaning and emptying septic tanks.</p>
B2	Does the Local Government or Local Administration have the power recruit, appoint and hold human resource authority over the core local administration team?	for both water supply and sanitation, Municipalities cannot recruit and appoint; however they have limited managerial oversight (but no control)	for both water supply and sanitation, gram panchayats cannot recruit and appoint; however they have limited managerial oversight (but no control)
B3	What is the local power structure? Is the Local Government (LG) Executive directly (or indirectly) elected? Is the Local Government Council directly (or indirectly) elected?	<p>Where KWA continues to be the prevailing service provider, their executive and council are state government employees.</p> <p>The members of the municipality are elected directly. The Chairpersons/ Vice Chair Persons of urban local bodies are then chosen from among the members.</p>	The members of the panchayat are elected directly. The President/ Vice President of the rural local government are then chosen from among the members.
B4	Are the LG election system and LG elections competitive?	Yes	Yes
B5	Does the LG Executive have broad support from the LG legislative council and LG's administrative apparatus/staff?	Yes, but it varies from one local government to another.	Yes, but it varies from one local government to another.
B6	Is the LG effective in achieving results in the service delivery areas that constituents care about?	Depends on each individual municipality	Depends on each individual panchayats



## **5.2 The role of the local political leadership for local WSS in urban and rural areas**

Immediately after the first elections to the local governments, the government of Kerala issued a government order in September 1995 specifying the different public facilities and staff transferred to the local governments. In terms of local government finance, the state of Kerala made a landmark step in allocating plan funds from the state budget to the local governments. In addition to unconditional development resources provided to the local government, local governments receive various grants-in-aid to fund the various facilities and schemes that were transferred to the local government.

### **Control by higher levels of government**

Compared to the strong institutional traditions of hierarchical governance and vertical administrative control that prevail in South Asia, Kerala has made considerable efforts to ensure a degree of (semi-) autonomy at the local government level. In Kerala, the power of higher levels of government over local government institutions is highly limited by way of government orders and provisions contained in the KPRA, 1994. As per Section 193 of the KPR act, the government can dissolve a panchayat only when (1) a panchayat fails to pass its budget for the succeeding financial year before the end of a financial year which causes financial crisis or majority of its members resign from office or is disqualified, and (2) If the Government is of opinion that panchayat persistently makes default in performing the duties imposed on it by law or in carrying out the orders or directions lawfully issued by the Government or exceeds or abuses its powers. In such cases the government may by notification in the gazette dissolve the panchayat and send a copy of the order to the State Election Commission. Provide also that the government provides the local government the opportunity to be heard before the resolution and that the government has taken the advice of the Ombudsman constituted under section 271G and take a final decision on the basis of such advice.

Likewise the KPR Act (section 191) explicitly states that the government can cancel a resolution of the panchayat only if, on a reference by President, Secretary or a member of the panchayat, or on a petition received from a citizen, and in their opinion such decision (a) is not legally passed or taken; or (b) is in excess of the powers conferred by this Act or any other law or its abuse; or (c) is likely to endanger human life, health public safety, communal harmony or may lead to riot or quarrel; or (d) is in violation of the directions or provisions of grant issued by Government in the matter of implementing the plans, schemes or programmes. However before cancelling the resolution the government has to seek the advice of the Ombudsman or the Appellate tribunal as the case may be and give an opportunity for the Panchayat to be heard.

The government through the local self-government department can issue circulars and orders based on central and state guidelines; but they cannot interfere in the day-to-day functioning or decisions taken by the panchayats.

Moreover there are independent institutions which also limits the control of government in local government functioning. These are the State Election Commission, the Finance

Commission, Ombudsman for Local Governments, Appellate Tribunals, Audit Commission, and the State Development Council.

### **Political decisions making space of local governments**

There is some scope for the gram panchayats and the municipalities to have meaningful 'political' decision-making space. In September 1995, immediately after the passage of the KPR act 1994, the government issued a circular for the transfer of functions and functionaries to the three tiers of panchayats. Circulars based on state and centre guidelines are issued by the higher levels of government. As discussed in the earlier sections, the WRD, government of Kerala issues the circulars with respect to water supply services and the Local Self Governance Department, government of Kerala issue for the sanitation sector.

However, as mentioned in the earlier chapters, the government has not yet transferred functionaries in the water and sanitation sector to the local governments.

The Panchayat president is the chief executive authority of the panchayat. Every panchayat elected member is also a member of one of the standing Committees of the panchayat. The senior officials of the departments transferred to the panchayat are made the ex-officio secretaries of the concerned subject. Local governments have managerial control over the staff transferred, in the sectors where they have been transferred; they can delegate responsibilities to them in the subject area; give instructions and review their performance. However disciplinary actions are limited. The local government does not have the power to recruit, appoint and hold human resource authority over the core administration team at the local level. All the appointments are done by the government of Kerala. The local government executives are directly elected as are the local government councils.

As per the KPR Act 1994, the officers and employees (e.g., administrative staff) of the panchayat are government servants and the control over the officers will be with the Panchayat. It is the responsibility of the Panchayats to pay the salary and allowances of the officers of the panchayat as per the rates fixed by the government. The government may also with the concurrence of the panchayat appoint engineering staff and other staff necessary for the purpose of one panchayat or two or more panchayats. The salary and allowances of such staff will be recovered from the panchayat(s) concerned. In case of dearth of staff that can be transferred to panchayats from government department, the panchayats may, in exigencies, arrange for the services of engineers outside government services for specific work subject to the terms and conditions laid down by the government in this regard.

The panchayats can impose minor penalty on any panchayat officer or employee. The power to grant leave to the officers and employees of the panchayat vests with the panchayat Secretary. Where disciplinary actions have to be initiated or a major penalty needs to be imposed, the panchayat president may order an inquiry and send a report for further action to the government authority concerned. On receipt of the government

report, the president may with approval of the panchayat and concerned authority initiate proceedings against the person.

However in the area of rural and urban water supply and sanitation, where many schemes and functionaries are yet to be transferred to the local bodies, there can be limitations on their functional role/ decision making space. There is no demand from the urban and rural local governments to get these schemes into their domain. The general outlook remains that these are higher government responsibilities. This need to change.

The government may also “lend” the services of Government officers and employees to the Panchayats as may be necessary for the implementation of any scheme, project or plan assigned or delegated to the Panchayat under the KPR Act. The full control and supervision of the institution and employees transferred to the Panchayat under this Act shall rest with the Panchayats concerned. The Government shall give fully the existing State Plan contribution and the annual budget contribution in respect of the subjects transferred to the Panchayats to the Panchayat concerned. When disciplinary proceedings have to be initiated against an officer or an employee mentioned in sub-section (1) the President of the Panchayat concerned shall be entitled to make an enquiry and report against such officer or employee to the Government. The government Officers and employees transferred to the panchayat shall, in addition to their normal function, perform other related functions delegated to them by the panchayat, as if they are officers and employees of that panchayat. The salary and allowances of such staff will be paid by the government until the time the government decides that the concerned panchayat is capable of paying such salary and allowances.

The government has also prescribed a code of conduct with respect to the relationship between the elected members and employees of the Panchayat for the purpose of protection of the rights of the officers and employees under the control of the panchayat to render advice on matters dealt with by them and professional freedom and statutory rights.

### **Local government election system**

The members of all three levels of panchayats – Gram, Block, District – and municipalities are directly elected. The elected members then elect the Presidents and Vice-Presidents of panchayats at all the three levels and the Chairpersons of the municipalities. The elections are a fiercely contested political contest. The various political parties can put up their choice of candidates with their respective official symbols. Independent candidates also will contest with their selected symbols as per the sanction of the state election commission. The State Election Commission (SEC) is the constitutional body responsible for the process of elections - from announcing the date of elections, till the election process is completed. All men and women above 18 years registered as voters for the State Assembly and National Parliament are eligible voters for the local governments. All electoral rules, laws and bylaws are applicable for local government election also.

The following table provides the details of the recent local body elections with specific reference to the various political parties who won the elections. The main political parties are the Left Democratic Front (LDF), the United Democratic Front (UDF) followed by the Bharatiya Janata Party (BJP) and others.

<b>Table 5.2 Kerala 2015 Panchayat Election Results</b>					
<b>Party Name</b>	<b>Grama Panchayat</b>	<b>Block Panchayat</b>	<b>District Panchayat</b>	<b>Municipality</b>	<b>Corporation</b>
<b>Total Seats</b>	<b>941</b>	<b>152</b>	<b>14</b>	<b>87</b>	<b>6</b>
<b>L.D.F</b>	549	90	7	44	4
<b>U.D.F</b>	365	61	7	41	2
<b>B.J.P</b>	14	0	0	1	0
<b>Others</b>	13	1	0	0	0

Source: Kerala 2015 Panchayat Election Results – Grama Panchayat Result 2015 Of Kerala

### **5.3 Assessing the effectiveness and responsiveness of local political leadership**

In Kerala even though functions and funds for delivering water supply and sanitation services have been provided to local governments, there has not been any transfer of functionaries. Most of the water supply services are planned and implemented by the local governments through the KWA, who then serve as the service providers. Local governments can facilitate the formation of beneficiary groups and provide support services. With regard to the technical staff, the local governments depend on the engineer transferred from the Public Works Division or the Local self government department. The local governments have no human resource control over such staff. The engineer is a state government staff.

Local governments in Kerala have a strong council system. Since there are members belonging to different political parties, they also provide a check on the power and discretion of the local executive. Local governments in Kerala is a fairly responsive system with active participation and accountability by citizens. At the same time there are key limitations with regard to recurrent service delivery functions including limited control over staff, duplication of functions at state and local government level particularly in the water supply sector, and partial local government control over capital as KWA is the implementor.

## 6. Administrative aspects of decentralized water and sanitation provision

### 6.1 Overview of the local control over administration and service delivery for local water and sanitation services

As discussed in Section 3 on the organizational structure of decentralized water and sanitation services in Kerala, there are three basic modalities of service provision in the water and sanitation sector. First, the state government through the KWA, continues to plan and construct new local water supply schemes. Second, local governments can plan and implement water supply and sanitation schemes out of their plan funds. Here too there is considerable involvement of the KWA. Thirdly, central and state sponsored water and sanitation schemes may be implemented through KWA as well as through local governments, as is the case in donor aided projects.

	<b>Leading Questions</b>	<b>Urban Water and Sanitation (KWA schemes)</b>	<b>Rural Water and Sanitation</b>
C1	Does the LG/LA (Executive or Council) appoint the head of the SDU for WSS?	No (for both water supply and sanitation)	No (for both water supply and sanitation)
C2	Does the LG/LA approve the budget of the SDU for WSS?	<p>Municipalities do not have the power to approve the budget of either KWA or Suchitwa Mission.</p> <p>For water supply, if the projects are planned out of the Municipality's own plan funds, then they have the full authority to approve.</p> <p>Where projects are implemented through the Suchitwa Mission (sanitation), the funds are provided by the Mission.</p>	<p>Panchayats do not have the power to approve the budget of either KWA or Suchitwa Mission.</p> <p>For water supply, if the projects are planned out of the panchayat's own plan funds, then they have the full authority to approve.</p> <p>Where projects are implemented through the Suchitwa Mission (sanitation), the funds are provided</p>

			by the Mission.
C3	Does the LG/LA determine its own organizational structure and determine the staff establishment for the WSS provider?	No (for both water supply and sanitation)	No (for both water supply and sanitation)
C4	Does the LG/LA have control over its human resource decisions with respect to WSS?	No (for both water supply and sanitation)	No (for both water supply and sanitation)
C5	Does the LG/LA plan and manage the procurement of capital investments /infrastructure required for WSS?	Infrastructure and capital investments are done by state and para statal agencies across rural and urban. There may be limited cases, mostly urban, where this is done, under donor driven projects	Infrastructure and capital investments are done by state and para statal agencies across rural and urban.

## 6.2 The local control over administration and service delivery for local WSS in urban areas

Municipalities do not have any specific staff for water and sanitation supply services, nor have they been transferred<sup>35</sup> by the government.

## 6.3 The local control over administration and service delivery for local WSS in rural areas

Under the decentralized planning adopted by Kerala, the local governments are responsible for the planning and implementation of schemes. There are well defined steps that local governments follow in planning and implementation of projects. One important aspect of the decentralized planning followed by Kerala is the constitution of working groups. These groups play an important role in the formulation of development plans. One of the mandatory working groups to be formed by local governments is the working group for water supply and sanitation. The Working Groups headed by an elected member consists of officials, elected members, sector experts and activists. The vice-chairperson of the Working Group will be an expert in the respective sector and the convenor will be the senior most official transferred to the local government in the concerned sector.

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<sup>35</sup> In the present Kerala context, “transfer” means that they are still state employees, but a degree of managerial oversight have been given to the LGIs

Needs are identified and prioritized in the gram sabha/ ward sabha convened by the panchayat. Panchayats have the autonomy to utilize the plan funds they receive from the state budget to plan and implement their own need based programmes, including that of water supply and sanitation. In this case, the organizational structure is well defined by the KPR act and the government guidelines. As mentioned in the earlier section, local governments can request the services of engineers and technical staff from the local self governance department or the KWA.

The panchayats may also avail the services of engineers or overseers from the LSGD who are placed at the GPs to supervise and monitor progress of works. These engineers are permanent staff members transferred from the irrigation department. The engineers provide on the spot technical support to these water supply projects. The engineering wing at the village level provides handholding support for water projects with less than 100 household connections in the panchayat. An assistant engineer is deployed for two grampanchayats, while an assistant executive engineer is for two block panchayats. There are two executive engineers placed at the district panchayat with adequate support of technical assistants and other support staff. The salaries of the above mentioned staff however, are paid by the state government. While the local governments have managerial control over the staff, they have limited control in disciplinary areas. The KWA has the power over procurement and capital investments in water supply schemes including large ones.

Local governments may facilitate the formation of beneficiary groups for the production of water supply services. The guidelines for the formation of beneficiary groups are formulated at the state government level. Before the existence of beneficiary groups and beneficiary committees, the panchayat was the sole bearer of the expenses of water supply schemes. Where beneficiary groups and committees are constituted by the panchayat, the panchayats meets the expenses till the installation and commissioning of water supply schemes. From there onwards the beneficiary committees meet the operation and management expenses. If the beneficiaries belong to the marginalized communities (SC/ST), they are exempted from beneficiary contribution and the panchayat pays the corresponding amount.

For sanitation services, as detailed in section 4, each panchayat has to constitute ward level health sanitation committee in the respective wards. Each such committee is provided with a financial assistance of Rs.25,000 (10,000 from Suchtiwa Mission, 10,000 from National Rural Health Mission and 5000 from panchayat). For fund transactions, a joint account of this committee is maintained and operated by the panchayat secretary and Health Inspector. Utilization of this amount depends on the demand and need of the ward for the sanitation programmes. Specific guidelines are issued by the government for the functioning of these committees. Some wards may not require much funds as compared to other wards which may be prone to the prevalence of contaminating diseases. When a contingency/ high demand arises, the funds of the neighboring wards are taken and adjusted for the concerned ward with the concurrence of the committee concerned. Panchayat council conducts review meetings periodically to ensure its efficient functioning.

In the sanitation sector for rural and urban, the SDU is again the local government. The control of local governments over the organizational structure, staffing etc are the same as described above for the water supply sector.

The rural and urban local governments prepare detailed project reports. Technical approvals for the projects envisaged for solid and liquid waste management are provided by Suchitwamission which also provide grants to the local bodies allocated by the state government. The Suchitwa mission channelizes funds from the state government and the central government to the rural and urban local government institutions for the implementation of sanitation and waste management projects.

#### **6.4 Assessing local control over administration and service delivery**

Despite their important de jure role in water and sanitation, the local governments, rural and urban, do not have direct control or authority over service delivery staff, service delivery budget, and procurement of capital infrastructure. The local governments have the freedom to procure the services of any water supply and sanitation agency in their area. In reality however, most of the local governments use KWA services.

The perspective that state should be the provider of WSS is strongly entrenched. This coupled with the organizational constraints faced by rural and urban local governments, seems to have limited local governments from requesting schemes to be transferred to them.

There have been many efforts by the state to reform the WSS sector in Kerala, but it is failed most of the times. Some of the main reasons are the resistance of some para statals to these measures and a strong workers union across different state entities in the water supply sector who oppose any kind of change that is seen as detrimental to them. Even though the mandate of decentralization has been accepted by the state, the corresponding decentralization across functions, functionaries and funds have not taken place in the true sense in the water and sanitation sector. The KWA, which is a para statal has a centralized tendency of working with vested interests similar to existing government organizations across South Asia.



## 7. Local fiscal autonomy and local financial management

A striking feature of Kerala's decentralization process is the devolution of substantial plan funds in the form of untied grants to the local bodies. The state has devolved 24 per cent of its investible resources (development fund/plan outlay) to the local governments in the past four years. As mentioned earlier, this has enabled local governments to plan and implement their need based programmes including that of water and sanitation. With regard to these funds, there is substantial degree of financial decentralization as is evident from the following features of Kerala's fiscal decentralization:

- There is a separate document in the state budget, named Appendix IV which details all grants provided to local governments,
- The plan entitlements are decided as per the formula
- The entire plan amount is investible,
- The grants are predictable and fully devolved,
- The grants have a strong equalizing element with the index of backwardness getting a substantial weightage,
- The local governments enjoy autonomy in planning for the devolved funds provided it is within the overall framework.

### 7.1 Overview of local fiscal autonomy and local financial management for local water and sanitation services

	<b>Leading Questions</b>	<b>Urban Water and Sanitation (KWA schemes)</b>	<b>Rural Water and Sanitation</b>
D1	Does the WSS provider (and/or its parent government entity) have an orderly and participatory annual budget process?	Yes for both rural and urban  Yes for both water supply and sanitation	Yes
D2	Are expenditure out-turns for local WSS providers consistent with the original approved budget?	No	No
D3	What is the quality and timeliness of annual financial statements for the WSS provider?	Yes	Not satisfactory; however all financial transactions are subjected to statutory audit

D4	To the extent that LGs have functional responsibilities for WSS, are LGs free to define their own local revenue instruments (e.g., specify user fees, adopt new revenue instruments, or modify existing local revenue instruments)?	Yes	The state provides general guidelines on the fixing of taxes. User fees are fixed by local governments/ beneficiary committees for water supply schemes. LGs are free to utilize the untied plan grants provided by the state on their specific needs and priorities.
D5	To the extent that LGs have functional responsibilities for WSS, do LGs have the right to set the tax base or tax rate for all local revenue instruments?	The state government fixes the tax base	No, the state government fixes the tax base and tax rate based on the periodical recommendations of the SFC. Panchayats can levy service tax for services provided like water supply, sanitation etc. This should be within the stipulations laid down by the government.
D6	Does the WSS provider(or it parent government entity) take into account full-cost recovery (including user cost of capital) when setting W&S user fee rates?	Yes	Yes
D7	Does the WSS provider(or it parent government entity) effectively and equitably collect water and sanitation user fees?	No collection efficiency is very low	No there are defaults
D8	Does the WSS provider (or the LG, if owned and controlled by the LG) have access to borrowing from financial institutions to fund local capital infrastructure expenses?	Yes	Yes
D9	Does the WSS provider (or the LG, if owned and controlled by the LG)receive (conditional or unconditional) grants/transfers from a	Yes	Yes they received both unconditional and conditional

	higher level government to support local government operations and to support water and sanitation services to the poor?		support
D10	Does the WSS provider (or the LG, if owned and controlled by the LG) receive formula-based grants/transfers from the higher level government in a complete and timely manner, without unnecessary administrative impediments?	Yes	Yes

## 7.2 Local fiscal autonomy and local financial management for local WSS in urban areas

As KWA is the prevailing water service provider in urban areas, the following section details the revenue and expenditures of KWA.

### Financing the construction and development of urban (KWA) water schemes

The sources of finance for KWA are grants and loans from government of India and government of Kerala, loans from financial institutions like HUDCO and banks and revenue from water charges.

The following table shows that major revenue of KWA which includes revenue from water charges and sewerage rates, plan and non-plan allocation from state government, deposits from local bodies, funds from the Union government and loans.

### Receipts of Kerala Water Authority<sup>36</sup>

(Rs.In million)

Year	Revenue from water/ sewerage rates	State government		Deposits from local bodies	Government of India	Loans from LIC/ HUDCO	Others	Total
		Plan	Non-Plan					
2011-12	3533.508	4682.574	1915.216	126	1244.643	7.752	192.216	11701.909
2012-13	3580.02	5755.475	2286.504	553.137	2490.358	7.777	321.71	14994.985

<sup>36</sup> Infrastructure Statistics 2012-13, Department of Economics and Statistics. Government of Kerala

### Income from water charges<sup>37</sup>

Year	Urban schemes			Rural comprehensive schemes			Rural single panchayat schemes			Total		
	*D/N D & I	Street taps	Total	*D/N D & I	Street taps	Total	*D/N D & I	Street taps	Total	*D/N D & I	Street taps	Total
2011 - 12	1578.9	248.7	1827.6	394.7	183.8	574.5	197.4	159.5	356.9	2171	592	2763
2012-13	1686.8	435.6	2122.4	421.7	495.8	917.5	234.3	803.8	1038.1	2342.8	1239.4	3582.2

\*Domestic/Non Domestic and Industrial

### Water tariffs

The water tariff for KWA is fixed by the state government with due consideration of the recommendations' of the KWA. Kerala follows a block tariff structure for charging for water, by charging a fixed amount for each block. The lowest block in the state for domestic users starts from 15000l. with a rate of Rs. 6 for every kilo litre

In 2014, the state government revised the tariff in respect of domestic connections based on the proposal of KWA for elaboration of the category, consumption level and tariff with a view to making it more unambiguous. For flats, the fixed charge is @Rs.50/- per dwelling unit. It was also decided that no water charges will be collected from below poverty line (BPL) families who consume upto 15,000 litres per month.

The following table provides the existing water rates as of October 2014.

Existing water rates (w.e.f 01/10/2014)		
Sl.No	Type of Connections and Consumption Per Month	Rate (in INR)
A	Domestic	
	Upte 5000 lrs minimum	20

<sup>37</sup> ibid

	5000 to 10,000 lrs	40
	10,000 to 15,000 lrs	65
	15000 to 20,000 lrs	Rs.6/Kl
	20,000 to 25,000	Rs.7/Kl
	20,000 to 30,000 lrs	Rs.9/Kl
	30,000 to 40,000	Rs.12/Kl
	40,000 to 50,000	Rs.14/Kl
	Above 50,000 lrs	700 +Rs.40/Kl
B	Non Domestic	
	Upto 15,000 lrs	150 +50
	15,000 to 30,000 lrs	50+225+Rs.21/Kl
	30,000 to 50,000 lrs	50+540+Rs.28/Kl
	Above 50,000 lrs	50+1100+Rs.40/Kl
C	Industrial	
	Minimum	150+250
	For consumption in a month	150+Rs.40/Kl
D	Local Bodies	
	Corporation/ Municipal taps	7884
	Panchayat taps	5250
E	Sewerage Charge	10 per cent of water charge

Source:KWA<sup>38</sup>

### **Funding urban sanitation services.**

Suchitwa Mission works as an agency channelizing funds for urban and rural sanitation services. Local governments, both rural and urban, approach the Suchitwa Mission for accessing funds under state sponsored (SSS) and centrally sponsored schemes (CSS). Suchitwa Mission receives funding from the following sources:

1. Swachh Bharat Mission (Gramin) CSS, Ministry of Drinking Water & Sanitation, Govt. of India

<sup>38</sup> As cited in Economic Review 2016, Kerala State Planning Board

2. Swachch Bharat Mission (Urban), CSS, Ministry of Urban Development, Government of India
3. Capacity & Communication Development Unit (CCDU) for Sanitation, 100% CSS, Ministry of Drinking Water & Sanitation, Govt. of India
4. Integrated Low Cost Sanitation Programme, CSS, Ministry of Housing & Urban Poverty Alleviation, Govt. of India
5. Clean Kerala Programmes, Plan schemes for solid and liquid waste management, Local Self Govt. Department, Govt. of Kerala
6. Enhancing sanitation facilities in wetland catchments of Kerala, Dept. of Environment and Govt. of Kerala.

The allocation and expenditure under sanitation sub heads in the state is detailed out in Section 9.

Local governments, rural and urban, receive grant-in-aid from the state for which the details are given below for the years 2014-15 and 2015-16.

**Table 7.b Grant - in Aid to local governments - Sanitation, Waste Processing - allocation and expenditure for 2015 - 16 and 2014 -15**

*( in million)*

Local Government	2015 - 16			2014 -15		
	Fund allocated	Exp.	%	Fund allocated	Exp.	%
<b>Gram Panchayat</b>	332.645	145.978	4.388	446.370	162.352	3.637
<b>Block Panchayat</b>	31.133	1.9673	6.319	27.054	18.535	6.851
<b>District Panchayat</b>	49.716	13.037	2.622	60.304	21.464	3.559
<b>Municipalities</b>	233.710	120.442	5.153	225.796	110.722	4.904
<b>Corporations</b>	303.351	72.200	2.380	292.945	48.589	1.659
<b>Total</b>	950.555	371.330	3.906	1052.470	361.662	3.436

Source: Economic Review 2016

Regarding sewages, beneficiaries of urban local governments receive subsidies for the implementation of waste management units like biogas plants, composting units etc. Regarding the recent ODF scheme, the LGIs supported the construction of toilets and Government share for the individual toilets was Rs. 15,400/-

## **Service Tax**

As per the statutes, gram panchayats and urban local bodies can levy service tax subject to the minimum rate fixed for sanitation, water supply, scavenging, street lighting and drainage, where these services are provided by the local governments. As per the Kerala Panchayat Raj Act 1994, the rates of service tax shall not exceed the following rates, namely:-

(i) For Sanitation purposes. - Of the expenses for preserving general sanitation of the Village Panchayat area and for removing of the rubbish, filth and carcasses of animals and birds from private premises. .. 1 per cent

(ii) For water supply. - Of the expenses for repair, development and reconstruction of the existing water reservoirs and the water supply systems, both entrusted and not by the Kerala Water Authority and also for the water supply works to be implemented

(iii) For street lighting. - Of the expenses for lighting of the Village Panchayat area by using various kinds of power.

(iv) For drainage, scavenging etc. - Of the expenses for repair, development and reconstruction of existing drainage systems and for drainage and scavenging facilities to be provided. 2 per cent 2 per cent 1 per cent

However the fourth State Finance Commission had noted that “this provision of the statute is not being exploited by majority of LGs. This indifference of the LGs indicates their reluctance in the exploration of own source revenue. Service Tax Rules may be issued immediately”<sup>39</sup>. The report of the Comptroller and Auditor General also highlighted that most local government institutions were not collecting service tax as panchayat committees were not taking decisions in this regard. The audit noted that loss of revenue sustained by 23 local government institutions in this regard worked out to be Rs.7.66 crores<sup>40</sup>.

## **7.3 Local fiscal autonomy and local financial management for local WSS in rural areas**

### **Financing the construction and development of rural (non-KWA) water schemes**

The sources of funding for rural and urban local governments for water supply and sanitation services are:

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<sup>39</sup>Report of the Fourth state Finance Commission. State Planning Board

<sup>40</sup>Report of Comptroller and Auditor General of India. Report No.3 of 2015 – Performance and Compliance Audit on local self government Institutions of Government of Kerala

- (a) Out of the plan fund allocation in the form of untied grants from the state government, local governments can implement WSS projects based on felt needs.
- (b) State sponsored schemes
- (c) Centrally sponsored schemes like Swachh Bharat Mission which is implemented through the Suchitwa Mission, National Rural Drinking Water Programme, Atal Mission for Rejuvenation and Urban Transformation (AMRUT)
- (d) Central and State Finance Commission Award
- (e) Externally aided projects
- (f) Loans and borrowings from finance and infrastructure institutions

### ***Drinking water services - Expenditure***

In 2014-15 an amount of Rs. 27439.74 was allocated for drinking water services for rural and urban local governments; out of this the expenditure amounted to Rs. 15190.06, which is just 55.36 per cent<sup>41</sup>.

For the FY 2015-16, the percentage of expenditure for drinking water was slightly less than the previous year (53.57 in 2015-16 as against 55.36 per cent in 2014-15).

**Table 7.a Grant - in Aid to local governments - Drinking Water - allocation and expenditure for 2015 - 16 and 2014 -15**

*( in lakh)*

Local Government	2015 - 16			2014 -15		
	Fund allocated	Exp.	%	Fund allocated	Exp.	%
<b>Gram Panchayat</b>	11260.24	6473.34	57.49	14250.93	8112.18	56.92
<b>Block Panchayat</b>	2860.14	1645.29	57.52	2499.54	1650.34	66.03
<b>District Panchayat</b>	5957.16	2653.79	44.55	6356.59	3286.10	51.70
<b>Municipalities</b>	1888.70	1156.71	61.24	1923.65	1184.09	61.55
<b>Corporations</b>	1652.63	723.85	43.80	2409.04	957.35	39.74
<b>Total</b>	23618.88	12652.98	53.57	27439.74	15190.06	55.36

<sup>41</sup> Economic review 2016. Kerala State Planning Board. Appendix 8.5b.



## **Funding rural sanitation services.**

The funding of rural sanitation services are the same as urban sanitation and has been detailed above under 'Funding Urban Sanitation Services'.

### **7.4 Assessing local fiscal autonomy and local financial management**

The fifth State Finance Commission (SFC) has pointed out that out of the 978 gram panchayats, only less than 150 gram panchayats are collecting service tax. There is a general lag on the part of local governments in collecting taxes. The local governments attribute this to the lack of adequate staff in collecting the taxes. It is estimated that Thriuvananthapuram Corporation is yet to collect 59.48 crores, Thrissur Corporation 21.86 crores, Kochi Corporation 13.06 crores and Kollam Corporation 3.73 crores by way of taxes<sup>42</sup>. Similar is the case with Municipalities.

It was also found that in general, a fair part of the plan fund is not utilized by the local bodies within a financial year resulting in spill over projects in the following year. A substantial portion of the plan fund is also utilized in the end of the financial year (in the months of February and March)<sup>43</sup>. The lack of adequate staff in the engineering section (only one engineer is available for one to three panchayats) was one reason cited by local governments for this situation. Other reasons include the increased number of projects formulated by the panchayat, delay in receiving technical sanctions for projects, unfavorable weather conditions causing delay in works, construction materials and works having rates lower than the fixed marker rate, vested political interests, differences of opinion between elected members and officials, outdated administrative actions for taking over land, protest of public against instituting slaughter houses, cremation ground etc., lack of adequate cooperation from Kerala Water authority and Kerala Electricity Board<sup>44</sup>.

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<sup>42</sup> Press Release, Vth State Finance Commission. State Planning Board. Government of Kerala

<sup>43</sup> *ibid*

<sup>44</sup> *ibid*

## 8. Participation and accountability

### 8.1 Overview of local participation and accountability for local water and sanitation services

A unique and much lauded feature of Kerala's decentralized planning process is the emphasis given to people's participation for planning and implementing programmes. It is mandatory for local governments to follow specific guidelines which ensure participation of the general public and stakeholders in the formulation of projects and programmes. Special emphasis is given to ensure the participation of women and persons belonging to Scheduled Castes and Scheduled Tribes and the elderly population.

The mechanisms to ensure participation and accountability include the gram sabha/ ward sabha, working groups, beneficiary groups, and beneficiary committees. Accountability is also ensured through Ombudsman, citizens charter, right to information etc.

	<b>Leading Questions</b>	<b>Urban Water and Sanitation (KWA schemes)</b>	<b>Rural Water and Sanitation</b>
E1	Is a local performance framework in place and being applied for water and sanitation services? (E.g., Service Charter?) Is this performance framework adopted by the elected local government (or imposed by the national government)?	Yes the framework is in place. it is envisaged at the state level	Yes the framework is in place. Local governments have adopted it
E2	Who monitors the performance of the WSS provider? An elected local government? Central government?	KWA/State, for both water supply and sanitation	Various accountability mechanisms such as gram sabha, beneficiary groups, performance audit etc.
E3	Are local budgets and finances (for WSS) managed in a participatory and transparent manner?	Yes	Yes
E4	Does the local WSS provider have its own effective participatory planning / social accountability / oversight mechanisms (separate from its parent government entity)? What is the frequency of public interaction between the WSS provider and citizens?	Yes. Concurrent interaction	Yes. Concurrent interaction
E5	Does the parent government (separate from WSS provider) have an effective mechanism in place to receive and resolve complaints about services?	Yes	Yes

## **8.2 Local participation and accountability for local WSS in urban areas**

The various mechanisms to ensure participation and accountability for water and sanitation services in urban areas are discussed below:

### **Participation and accountability for KWA water services**

The different mechanisms to ensure participation and accountability followed by KWA for its water services are:

**Right to Information:** KWA has published orders circulars in conformity with the Right to Information Act since 2005. Several officers have been deputed as Public Information Officers at the KWA headquarters. Along with them, Assistant Public Information Officers have also been deputed. There are Appellate Officers for addressing complaints and its redressal in KWA.

**Citizen's Charter:** There is a citizen charter specifically for KWA. The aim of the Citizen's charter is to clearly state the rights of citizens over the services provided by KWA. The rights of the consumers/ citizens and the responsibilities of KWA are clearly delineated in this charter.

**Vigilance wing:** there is a vigilance wing under KWA headed by the Deputy Chief Engineer. This wing is entrusted with the task of enquiry into allegations against officers and execution of various works and other enquiries that come up in respect to any matter related to KWA.

**Internal audit wing:** KWA has an internal audit wing at the headquarters and two teams headed by internal auditors. These teams are deployed for the yearly audit of accounts and other records of the KWA division offices. They are also responsible for following up on audit findings of the Accountant General, stock verification reports, internal audit reports, and special audit reports.

### **Software applications for monitoring used in KWA:**

**STEPS:** this application manages and monitors the deposit and other short term construction works in KWA offices in the state. It is intended to monitor projects below the value of Rupees 5 million. The objective of the application is to streamline the process of the works originating from the field level and to eliminate delay in file processing and inception of the project.

**MARCH:** it is a Monitoring, Accounting and Reporting by a centralized Hand Receipts System. This software tracks all information related to the daily wage staff under KWA.

**O&M application (Bill Data Collection System):** this application is used to manage works related to operation and maintenance works of KWA. At present this system is being used for the centralized processing and release of payments for all the O&M works in KWA. This application has resulted in a high value of centralized monitoring and real time fund allocation for O&M.

**LIMS (Laboratory Information Management System):** this is a central system to monitor water quality through quality control laboratories. It ensures that a system is in place to monitor samples from KWA and from private samples from the public.

### **Participation and accountability through municipalities (and municipal corporations)**

The various mechanisms to ensure participation and accountability that statutorily exist for panchayats and municipalities across sectors, and therefore for water and sanitation services are as follows: Beneficiary Groups; Working Group; Ward sabha similar to the gram sabha in rural areas; and Financial accountability mechanisms like the Ombudsman, Citizen’s Charter, Right to Information, Local Fund Audit, Performance audit and Tribunal.

The above mechanisms being the same for panchayats, these are detailed in the section on participation and accountability through panchayats.

In addition to the above, two recent initiatives by the Ministry of Urban Development include (1) service Level Benchmarking and (2) preparation of City Sanitation Plan through participatory process (this has been explained earlier). However these are mostly in the nascent stage. Its real impact is yet to be assessed.

Service Level Benchmarking: realizing the need for a shift from infrastructure creation to measuring outcomes of service delivery, the MoUD has come out with the concept of service level benchmarks for urban water and sanitation sector. It has been defined as a minimum set of standard performance parameters commonly understood and used by all stakeholders across the country.

The following table is indicative of the performance of urban local governments in Kerala in service level for water supply and sanitation, against the performance parameters, as compiled by the Ministry of Urban Development.

**Service level Indicators for Water Supply<sup>45</sup>**

<b>Indicators</b>	<b>Median</b>	<b>Mean Count</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>
Water supply coverage	38	65	37	0.5	92.4
Per capita consumption	59	65	64	1.9	165
Consumption	82.3	65	80	39	97

<sup>45</sup> Service Levels in Urban Water and Sanitation. Status Report. Ministry of Urban Development. Government of India, 2010-11. First edition. January 2012

metering					
Non revenue water	28	65	29	11.1	50
Continuity of water supply	7.5	65	8.8	1	22
Complaints redressal	77	65	71.9	0	100
Quality of water supplied	92.4	65	84.3	30	100
Cost recovery: water supply	40	65	43	18	80
Collection efficiency	75	65	68	0	100

#### Service level Indicators for Sewerage

<b>Indicators</b>	<b>Median</b>	<b>Mean Count</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>
Coverage of toilets	80	65	85	65	100
Sewerage network coverage	-	-	-	-	-
Wastewater collection efficiency	-	-	-	-	-
Waste water treatment adequacy	-	-	-	-	-
Quality of waste water treatment	-	-	-	-	-
Reuse and recycle of treated waste water	-	-	-	-	-

Cost recovery: waste water	-	-	-	-	-
Collection efficiency	-	-	-	-	-
Complaints redressal	-	-	-	-	-

Except Thiruvananthapuram and Kochi, there is no sewerage network in the rest of the cities and towns. Hence the other indicators are not applicable.

### **8.3 Local participation and accountability for local WSS in rural areas**

The various mechanisms to ensure participation and accountability for water and sanitation services in rural and urban areas are discussed below:

#### ***Beneficiary groups***

Several local governments plan and implement drinking water supply schemes with the participation of beneficiaries. As per the government circular issued in 2000<sup>46</sup>, the beneficiary group is constituted for detailed planning, implementing and operating the water supply scheme. It is also expected to act as the agency for regulation of usage of drinking water and conservation of water resources with respect to the project concerned. The government also stipulates through the order that beneficiary group will undertake social audit after the completion of each project. They will also discuss in detail the arrangements for operation and maintenance and come to a common decision. It is based on the decision of the beneficiary group, that user charges and cross subsidization will be finalized.

#### ***Beneficiary Committee***

The beneficiary committee selected from among the members of the beneficiary group is the executive arm of the beneficiary group. They have the responsibility for detailed planning, implementation and operation and maintenance of water supply schemes, fixation of user charges on a normative basis with the approval of the beneficiary group, ensuring the quality of drinking water supplied through systematic quality monitoring, minute the proceedings of every meeting of the BG and the BC and ensure scientific book keeping and accounting practices laid down by funding agencies, and mobilization of financial resources for investment in the water and sanitation sectors.

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<sup>46</sup> Government of Kerala, Local Self Government Department, Circular, Dated 14.8.2000

### ***Working Group***

It is mandatory for local governments to constitute Standing Committees which look into specific subject areas. This has already been detailed in section 4. The Standing Committee for Health and Education in the panchayats is responsible for matters of drinking water and sanitation. The Standing Committee constitutes working groups.

As per the guidelines of the Twelfth Five Year Plan, for the purpose of social audit, the working group has the responsibility of project monitoring. Once the projects have been formulated by the working group, the latter has to function as project monitoring committee. The guidelines also stipulate that the estimates of all construction work should be prepared using the Sugama software or in the local language. At the construction site, there should also be a board specifying the details of the work. This will also be made available in the district website.

### ***Ward Level Health and Sanitation Committee***

In Kerala, ward level Health and Sanitation Committee is constituted for sanitation services. The structure of the committee is as follows:

*Chairperson:* elected representative of the ward

*Convenor:* Junior Public Health Nurse/ Junior Health Inspector/ Health Inspector

*Members:* registered medical practitioners in the ward; school teachers; registered practitioners of Ayurveda, Unani, Sidha, Homeopathy; anganwadi worker; kudumbashree members; MSS volunteers; representatives of Resident Associations; representatives of tribal groups (in tribal areas); and representatives of NGOs working in the ward.

In addition to the above mentioned mechanisms, local governments have the following mechanisms to ensure participation and accountability. This is applicable across all sectors and is mandatory.

### **Gram Sabha**

It is significant to detail here the role of the gram sabha in ensuring participation and accountability. The process of participation in Kerala's decentralized planning is visualized as building on the deliberations at the gram sabha level. It promotes a continuous process of deliberation that is both at the same time iterative and embraces critical inputs. The recommendations of the gram sabha are considered at higher levels through stakeholder participation, preparation of development report, conduct of development seminar, project preparation by task force, plan finalization by DPC, plan vetting by the expert committee at the block and district levels; and plan approval by the DPC. It is only after these processes that projects are prioritized and decided by the gram panchayat. In the panchayat plan document, the GP needs to state the reason for the selection of the finalized projects. This means that the planning and finalization of the projects cannot be hijacked by a single planning entity. In 1999, through an amendment to the KPR Act of 1994, the roles, responsibilities and powers of gram sabha were strengthened.

With regard to funds, the gram sabha has the right to be informed about the budgetary provisions, sectoral and sub project level allocation, costs and estimates of materials for the proposed and implemented works within the jurisdiction of the gram sabha. It is mandatory for the gram panchayats to present the priority list of beneficiaries in the gram sabha meeting and the list approved by the gram sabha cannot be altered by the gram panchayat. With regard to implementation of the works, the gram panchayat has the power to appoint general or special sub committees. The gram panchayat also has to present before the gram sabha, the performance audit report for its consideration and the ensuing recommendations and suggestions of each gram sabha has to be communicated to the concerned gram panchayat.

### **Financial accountability mechanisms**

A number of other accountability mechanisms are in place for across the state, which equally apply to urban as well as local governments. These included the Ombudsman, Citizen’s Charter and Right to Information as detailed below.

Ombudsman	Section 271F to R of KPR Act	PRI and ULB	There shall be an authority for LSGIs at State Level known as ‘Ombudsman’ for making investigations and enquiries in respect of charges on any action involving corruption or maladministration or irregularities in the discharge of administrative functions by LSGIs and public servants working under them.
Citizen charter	Section 272A of KPR Act, KPR (Preparation of citizen charter) Rules, 2004  Section 256A of KM Act, KM (Preparation of citizen charter) Rules, 2000	PRI  ULB	Every Panchayat/ Municipality shall formulate and publish citizen charter regarding the different categories of services rendered to the citizens by the Panchayat/Municipality. Citizen charter shall be renewed and updated periodically at least once in a year.
Right to Information	Section 271A to E of KPR Act Section 517 A to E of KM Act	PRI ULB	Every person bona fide requiring any information shall have the right to get such information from the Panchayat/ Municipality in accordance with the procedure prescribed.

Source: Corporation of Thiruvananthapuram

### **Local Fund Audit**

Local Fund Audit is the statutory audit agency in Kerala State under the administrative control of the Finance Department, Government of Kerala. This Department is entrusted with the audit of accounts of Local Self Government Institutions (LSGIs) and Local Funds included in the schedule of the Local Fund Audit Act. The vision of this department is to promote excellence in Local Fund Audit and Accounting Services towards improving the quality of Governance in Local bodies. Its Mission is to enhance accountability of the



executives to the panchayath and State Legislatures by carrying out audits in the Local bodies and providing accounting services in the Local bodies in accordance with the provisions of Kerala Local Fund Audit Act 1994. Now the Department is known as Kerala State Audit Department<sup>47</sup>.

### ***Performance Audit***

The performance cum corrective audit implemented in the local self-government bodies aims at the quarterly review of administrative measures. The Government has decided to appoint an official not below the rank of a Deputy Account General as the State Performance Auditor.

### ***Tribunal for Local Self Governments***

As per the provisions of the Acts (Section 271 of Kerala Panchayat Raj Act and Section 509 of the Kerala Municipality Act), a judicial tribunal was constituted in Kerala in 2004. The tribunal consists of a judicial officer of the rank of a District Judge. The duty of the Tribunal is to consider and settle appeals and revisions by the citizens against decisions of LSGIs taken in exercise of their functions like assessment, demand and collection of taxes or fees or cess, issue of licences, grant of permits, etc. During 2009 to 2014, 6224 cases (appeal & revision) were filed before the Tribunal, out of which 1118 cases were pending disposal. Of the pending cases, 1097 cases related to the years 2013 and 2014 (up to March 2014)<sup>48</sup>.

## **8.4 Assessing local participation and accountability mechanisms**

The Kerala Panchayat Raj Act, 1994 and the decentralized planning mechanism adopted by the state provide ample space for local governments to ensure and strengthen participation and accountability. Much depends on the political will and leadership of the local body council. Hence, in practice the performance of local bodies in promoting participation and accountability is varied. There are numerous examples of efficient and innovative functioning of gram sabhas, ward sabhas and beneficiary groups.

To strengthen the social accountability mechanisms for local government functioning, the fourth SFC made recommendations to the state government to: (a) make social audit statutory and prescribe elaborate rules for its conduct and follow up; (b) make the existing citizens charter realistic in terms of assured deliverables; (c) make citizens score card a regular feature; and (d) revamp the performance audit system to make it more effective and that which is online and corrective, rather than fault finding. Noting that the accountability provisions in the Act are weak, the fourth SFC recommended for clearly spelling out the liability of elected members and officials; independent social audit to be incorporated in the laws; and a chapter on fiscal accountability to be introduced in the Act. They also recommended that disclosure of budgets, accounts and audit findings to be made mandatory under Section 4 of the Right to Information Act and formats prescribed for this

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<sup>47</sup>Government of Kerala, Local Self Government Department. [http://www.lsgkerala.gov.in/en/LocalFundAuditDept\\_en.php](http://www.lsgkerala.gov.in/en/LocalFundAuditDept_en.php)

<sup>48</sup> ibid

should be easily understood by the citizens. The State Performance Audit Authority should come out with inter-Local Government comparisons of revenue and expenditure with special reference to efficiencies. This should be published annually<sup>49</sup>. All of these recommendations have been accepted by the government for action.

A representative group of local bodies consulted by the fifth SFC has raised the concern that there is a tendency under the local fund audit for fault finding and placing the liability on the implementing officer. This has restrained many implementing officers from taking up government projects. The local bodies have therefore recommended for a change in approach in local audit<sup>50</sup>. However performance audit was appreciated.

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<sup>49</sup> Action Taken report on the Part II Report of the IVth State Finance Commission. State Planning Board.

<sup>50</sup> Press Release, Vth SFC

## 9. The vertical composition of water and sanitation expenditures

### 9.1 Overview of water and sanitation expenditures

In the water and sanitation sector, disaggregated data is difficult to gather from the local governments upto the state. While at the local government level expenditure on water supply and sanitation is under the broad category of maintenance grants, under which it is clubbed alongwith different sources under the heading of 'Non Road Fund'. There is no specific budget head that delineates WSS figures at the local government level across the state. There is also a non uniformity in maintaining revenue receipts and expenditures in WSS. From KWA it was learnt that there is no segregation along Operations and personnel though they may have a broad category under maintenance. Hence for this section the required data is not forth coming. The available data is given below.

### 9.2 Funding of local WSS in urban areas

- Urban water services

#### Kerala Water Authority

#### Statement of Grants-in-aid given by the government

#### Both Centrally sponsored schemes and state schemes)

Grantee Institution	Total Value (Rs. In billion)		
	2012-13	2013-14	2014-15
1.State Government			
Plan Grant in aid for schemes	3.3555	3.2225	2.3339
Non Plan grant in aid for schemes		0.015	0.0895
JICA Loan	2.40	1.9126	0.5

Non Plan for Revenue	2.2865	1.9865	2.2516
2. Central Government*	2.4903	2.1204	1.2410

\*from the year 2014-15 central government allocation is routed through state government. Rs.0.0898 billion released by GoI to GoK on 31.3.2015. However GoK released the same on 28.5.2015

Source: KWA

Plan fund is earmarked for schemes and Non Plan fund is the additional fund given by the state to overcome the revenue deficit.

### Plan & Non Plan Expenditure of Kerala Water Authority<sup>51</sup>

2011-12 & 2012-13

(Rs. In Millions)

Items	2011-12	2012-13
<b>Plan Expenditure</b>		
State Plan Schemes	2598.399	3486.763
LIC/HUDCO	0.00	0.00
Externally Assisted	1930.700	2643.828
Centrally Assisted	237.513	433.498
Others (if any)	0.00	0.00
<b>Total</b>	<b>4766.612</b>	<b>6564.089</b>
<b>Non Plan Expenditure</b>		
Salary and Establishment	3724.778	4198.415
Power charge	1478.800	1940.00
Operation and Maintenance	748.999	750.00
Interest on Loans	370.387	313.283

<sup>51</sup> Infrastructure Statistics 2012-13. Department of Economics and Statistics. Government of India

(excluding GoK)		
Repayment of Loans	503.966	1140.792
(excluding GoK)		
Others	85.00	90.00
<b>Total</b>	6911.930	8432.490
<b>Grand Total</b>	<b>116785.42</b>	<b>149965.8</b>

Source: Kerala Water Authority

### Sanitation sector

The following table provides the annual plan outlays and expenditure of suchitwa Mission for the year 2012 - 13.

<b>Name of sector/ sub sector/ scheme</b>	<b>Outlay</b>	<b>Expenditure</b>	<b>Percentage of expenditure</b>
Suchitwa Keralam waste management scheme for urban areas	293.90	211.713	72
Suchitwa Keralam waste management scheme for rural areas	355.00	342.92	96
ICLS (State plan) toilet for urban poor	6.10	1.38	2.262
ICLS 100 % CSS toilet for urban poor	Nil	Nil	Nil
City Sanitation Plan (100% CSS) preparation of CSP in 20 Municipalities	Nil	Nil	Nil
Swachch Bharat Mission (Gramin) for rural areas	CS 1200 SS 400	CS 123.182 SS 89.190	13.27

## 10. Conclusion

The review of the decentralization of the water and sanitation sector in Kerala shows that the assignment of functions and functionaries are more in a deconcentrated sense. While there is sufficient legislation and policy governing water supply and sanitation, to a great extent some of these seem duplicative. This is also coupled with the presence of many stakeholders sometimes providing the same service. Even the Fourth State Finance Commission (2011) had noted the blurred relationship between local governments and state government including the para-statals performing functions assigned to local governments. The commission also called for detailing out the roles and responsibilities of staff transferred to local governments. Majority of the local governments across the state rely on the KWA, which is a para-statal for water provision. With the burgeoning urban population in the state, the strengthening capacities of water utilities is key to efficient and effective service delivery. The decentralized delivery of water and sanitation services in Kerala reflects a hybrid model in which state-level agencies, local government institutions as well as beneficiary groups play an important role in the provision of water and sanitation services. The need for an unified institutional model is paramount. A model whereby a common institutional arrangement for small rural WSS and in large rural WSS the supply could be given to the community and standardization of this model could be one way forward. In Kerala even though functions and funds for delivering water supply and sanitation services have been provide to local governments, there has not been any transfer of functionaries. Most of the water supply services are planned and implemented by the local governments through the KWA, who then serve as the service providers. Also a repository of engineering professionals in districts and block level service teams providing advise on technical matters with the support of an NGO system could be effective. In essence local governments mainly identify priorities, mobilize communities and embark on local coordination in the present deconcentrated water supply and sanitation system in the state. Urban local governments presently face the challenges of not having the infrastructural wherewithal of providing water supply efficiently while the rural local governments, and the beneficiary groups are in a better position to operate schemes in varying degrees of efficiency but limited to small water supply schemes.

There have been many efforts by the state to reform the WSS sector in Kerala, but it is failed most of the times. Some of the main reasons are the resistance of some parastatals to these measures and a strong workers union across different state entities in the water supply sector who oppose any kind of change that is seen as detrimental to them. Even though the mandate of decentralization has been accepted by the state, the corresponding decentralization across functions, functionaries and funds have not taken place in the true sense in the water and sanitation sector. The KWA, which is a parastatal has a centralized tendency of working with vested interests similar to existing government organizations across South Asia.

Suchitwa Mission is more akin to a technical body and a channel for funds from the central and state sponsored schemes. It is also not clear if the temporary status of the mission

would continue or it can be permanent body. As far as liquid waste management is concerned it is a sphere where Suchitwa Mission is beginning to focus intensely only now.

For a real devolution of the water supply sector in Kerala, the KWA would need to be restructured and their assets and staff brought under the control of the local governments, either as purely local government staff or as staff of the local government owned utilities.

More concerted efforts to devolve powers, roles and responsibilities along with financial and personnel resources necessary for local governments to discharge their functions is the need of the hour.