



Tracking Budgets for Rural WATSAN:

An Assessment of districts Ganjam and Nuapada in Odisha, India

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DECENTRALISED PUBLIC FINANCE FOR WASH:
Policy and Practice Learnings

ABBREVIATIONS & ACRONYMS

BASUDHA	Buxi Jagabandhu Assured Drinking Water Supply to Habitations	NRLM	National Rural Livelihoods Mission
BE	Budget Estimate	O&M	Operation and Maintenance
BDO	Block Development Officer	ODF	Open Defecation Free
C&AG	Comptroller & Auditor General of India	OSWSM	Odisha State Water and Sanitation Mission
CBO	Community Based Organisation	PEO	Panchayat Executive Officer
CLTS	Community Led Total Sanitation	PHED	Public Health Engineering Department
CM	Chief Minister	PRI	Panchayati Raj Institution
CSS	Centrally Sponsored Scheme	PWS	Piped Water Supply
CSO	Civil Society Organisation	RE	Revised Estimate
DLFA	Director, Local Fund Audit	RWSS	Rural Water Supply & Sanitation
DPR	Detailed Project Report	SBM (G/R)	Swachh Bharat Mission (Gramin/Rural)
DWSC	District Water & Sanitation Committee	SBK	Swachh Bharat Kosh
FC	Finance Commission	SDGs	Sustainable Development Goals
FY	Financial Year	SEM	Self-employed Mechanic
GoI	Government of India	SE	Superintending Engineer
GP	Gram Panchayat	SFC	State Finance Commission
GPB	Gram Panchayat Bhawan	SHG	Self Help Group
GPDP	Gram Panchayat Development Plan	SLWM	Solid Liquid Waste Management
IEC	Information, Education and Communication	SRLM	State Rural Livelihood Mission
IHHL	Individual Household Latrine	VWSC	Village Water and Sanitation Committee
JE	Junior Engineer	WASH	Water, Sanitation and Hygiene
LFA	Local Fund Audit	WATSAN	Water and Sanitation
MIS	Management Information System	WS	Water supply
MLA	Member of Legislative Assembly		
NGO	Non-governmental organisation		
NRDWP	National Rural Drinking Water Programme		

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EXECUTIVE SUMMARY

Budget tracking in schemes is yet to be a widely used tool by civil society organisations (CSOs) in the water, sanitation and hygiene (WASH) sector. Given India's federal polity, understanding public finance at each level of governance (Union, State and local) becomes even more pertinent for the water and sanitation (WATSAN) sector. The key funding source in the WASH sector, in addition to households, is the government with a budget of 3,554 million USD in 2018¹. The new 2030 Agenda has water and sanitation at its core with a dedicated Sustainable Development Goal (SDG) 6 on water and sanitation with clear linkage to other goals. With the National Rural Drinking Water Programme (NRDWP)², launched in 2009 the Government of India also demonstrated its commitment to provide safe and adequate water for drinking, cooking and other domestic needs to every rural person on a sustainable basis. Similarly, with the launch of the Swachh Bharat Mission- Rural (SBM-R) in 2014, the government showed its intent to eliminate open defecation in rural areas by 2019 through improving access to safe sanitation. The implementation of these two Centrally Sponsored Schemes (CSS) also coincided with the time period of the Fourteenth Finance Commission (2015-16 to 2019-20). Adequate and appropriate budgets are necessary to ensure that these international and national commitments are met. Budget analysis is also important to understand the impact of emerging realities in view of the changing (WASH) context. Further, comprehending fund flows and its impediments to better WASH service delivery is critical and necessary.

CBGA in support with IRC³ (for the Watershed project) and WaterAid India, has produced this paper which is the second working paper in the series of publications on WASH public finance in India. This paper follows the previous working paper titled 'Mapping of Water and Sanitation Programmes, Institutions and Fund Flow Architecture for Ganjam, Odisha'⁴, December 2018. The objective of the paper is to aid the efforts of civil society organisations (CSOs) engaging with the issues of fiscal governance in water and sanitation (WASH) sector in Odisha. It presents the use of budget tracking in rural water and sanitation (WATSAN) programmes, for Ganjam and Nuapada districts in Odisha. The timeline considered for this paper is the Fourteenth Finance

Commission (FFC) period (FY 2015-16 to FY 2019-20). The period of study was from January 2019 to November 2019. The budgetary data for Nuapada district has been collected by WaterAid India's partners, Regional Centre for Development Cooperation (RCDC) and the data for Ganjam has been collected by IRC's Watershed project partners, Gram Utthan. The paper also presents a set of recommendations and suggestions for government and CSOs who would be tracking and analyzing the budgets for WATSAN programmes operational in different districts of Odisha, taking the case of Ganjam and Nuapada as examples.

The crucial questions which the paper tries to address are:

1. How does understanding public finance for WASH help CSOs to enhance their work in the community?
2. Are budget related data too hard to access, read and understand? And if so, what can be done to address it?

The paper has been divided into the following sections:

Section I: It sets the context of the paper by highlighting the significance of tracking budgets in the WASH sector especially in the background of a decentralised federal government.

Section II: It discusses the steps to build capacities of the project partners on budget tracking and the methodology used in the paper.

Section III: It presents the budgetary priorities for rural WATSAN and its financing.

Section IV and V: These sections present the analysis of the rural drinking water and rural sanitation budgets in Odisha. They also assess the district and Gram Panchayat (GP) level data.

Section VI: It examines the budgetary priorities and the various sources of funds for WATSAN at the rural local government level (i.e. GP level).

Section VII: The key findings and recommendations have been laid out in this section. The focus has been

on presenting some of the challenges in budgetary data collection process and issues in fund flow and fund utilization at each level of government.

A summary of the key observations from the budget tracking analysis of rural WASH and recommendations for the various levels of government are given below:

KEY OBSERVATIONS:

A) Rural WATSAN at the Union and State government level

- There has been an overall increase in budgetary allocations for rural sanitation since the launch of SBM (R) in 2014-15 to 20-21. However, the allocations for rural water (NRDWP) has not seen much increase except in the last two years (i.e. 2019-20 & 2020-21)
- The prioritisation of WATSAN has also been reflected in the 14th FC recommendations and 15th FC interim report⁵.

B) Rural water at the State and local government level

- The overall budgetary allocation for rural water has seen a gradual increase in Odisha in the last 5 years with significant increases from 2017-18 onwards. This has been due to the launch of BASUDHA, a state scheme. The BASUDHA scheme has consistently seen an increase in budget allocation whereas the NRDWP allocation has remained stagnant. This trend has also been reflected at the district and GP level.
- The budget heads under NRDWP are 'Piped Water Supply', 'Spot sources & Sustainability' and under BASUDA are 'Piped Water Schemes' and 'Sustainability measures'.

C) Rural sanitation at the State and local government level

- A substantial increase has been observed in the budgetary allocation for rural sanitation primarily since the launch of the SBM (R). The increase has been the most in the year 2018-19. The funds for rural sanitation were mainly used for toilet construction. SBM(R) is the only

scheme for rural sanitation in the state and hence comprises 100 percent of the allocation.

- Since the budget data for rural sanitation at the district and block level was sketchy and not uniform, carrying a trend analysis was difficult. However, the study team found that the number of households that have received the incentives even after the toilets were constructed under SBM(R) was very low.

D) Central and State Finance Commission grants for WATSAN

- In Odisha, the drinking WATSAN was given priority under the 14thFC grants. However, other kinds of development activities have also taken place in the GPs which includes sewage and solid waste management, work related to storm water drainage, construction, maintenance, technical, administrative, operation and maintenance.
- The Comptroller & Auditor General (C&AG) Audit Report on Local Bodies, 2018 observed that the 3rd SFC had made a recommendation of Rs. 6,787.18 crore for Panchayati Raj Institutions (PRIs) for the period 2010-2015. However, against the recommended transfer, only 46 per cent was released by the State government.
- Regarding the status of fund utilisation in GP Kandetara, Nuapada district, 61.97 and 75.04 percent had been utilised from the 4thSFC and 14thFC grants respectively from 2015-16 to 2018-19. In 2015-16, no expenditure was reported by the GP from 14th FC.
- The WATSAN expenditure as percentage of WATSAN allocation from 2015-16 to 2018-19 was assessed for four GPs - Agastinuagam, Aryapalli, Kanamana and Podapadar. The maximum expenditure has been in the year 2016-17 for all the GPs except Podapadar. Further, Agastinuagam has reported no WATSAN expenditure in 2018-19 and Aryapalli and Kanamana have reported meager WATSAN expenditure in 2018-19.

E) Challenges in budget collection process and budget policy and process issues

- The capacity of CSOs in budget data collection was found to be severely deficient. There was a lack of understanding on the collection of information that includes what to collect, how to collect and from where to collect from.
- There are budget policy issues (where there is a need for increasing budgets) such as lack of human resources for implementing the relevant schemes, budgets for major (and minor) maintenance, and budget for improving water quality. Further, there are budget process issues (where the requirement is for better utilisation of available budgets). These include poor maintenance of assets, low/no capacities of community level organisations (e.g. Village Water Sanitation Committees) to manage water supply, delays in payment of toilet subsidy, unrealistic pre-conditions for releasing the subsidy/beneficiary incentive for toilet construction, lack of skilled masons, misuse of Information, Education and Communication (IEC) budgets and corruption.

F) Issues in fund flow and fund utilisation

- Shortage of staff and weak status of local fund audit - There is lack of decentralisation of power to Panchayats in terms of finance, staff and control over functions. Further, there is inadequate staff for major and minor maintenance of water supply projects and monitoring of water quality. Prior to 2015-16, there was a huge backlog in audit of accounts of GPs leading to inadequate planning for managing accounts.
- Unavailability of budget data and minimal role of Gram Sabha - There is a lack of budget data availability and transparency on the 14th FC and SFC funds at the district as well as reluctance to share financial information/data at the district, block and especially at the GP level. The role of Gram Sabha is minimal in terms of deciding

the development priority for the GP. Priorities are decided by the State government as per the fund availability and sources of funding.

KEY RECOMMENDATIONS

Some of the key recommendations, for the government at different levels, are listed below. For detailed information, please refer to Section VII. They are as follows:

i) For State government:

- Transfer funds, functions and functionaries (3Fs) to PRIs for better implementation of WATSAN projects in GPs
- Increase focus on improving accounts at PRI level and capacitate the line department

ii) For District and Block government

- Capacitate PRI functionaries and need for greater budget transparency
- Strengthen District Planning Committees (DPCs)
- Improve communication between line department and PRIs
- Increased role and more functional powers for block governments

iii) For GPs and NGOs

- Improve awareness on budgetary information and data as well as water security and water conservation
- Set up a dedicated cadre of staff for GPs and transparency on GP budgetary information
- Provide support to grassroot level CSOs/NGOs for training and awareness on budgetary issues and WASH

Tracking Budgets for Rural WATSAN:

An Assessment of districts Ganjam and Nuapada in Odisha, India

I. INTRODUCTION

The purpose of this working paper is to aid the efforts of civil society organisations (CSOs) engaging with the issues of fiscal governance in water and sanitation (WASH) sector in Odisha. It presents the use of budget tracking in rural water and sanitation (WATSAN) programmes, for Ganjam and Nuapada districts in Odisha. It also presents a set of recommendations and suggestions for CSOs who would be tracking and analyzing the budgets for WATSAN programmes operational in different districts of Odisha, taking the case of Ganjam and Nuapada⁶ as examples.

This paper has been produced under the Watershed India Project (2016 - 2020), which aims to facilitate improvements in governance and management of WASH (Water, Sanitation and Hygiene) services and water sources on which such services depend upon by strengthening the role of CSOs as agents of change in the sector. The Watershed India Project is focusing on two landscapes in Bihar and Odisha. The objective of the paper is to understand the ways in which **public**

budgets are spent and allocated for rural water and sanitation at the national, state and local (district, block and gram panchayat) government levels⁷. This is the second working paper in the series of publications on WASH public finance in India.

In the series of Working Papers on Budget Tracking for Rural WASH, this paper follows the previous working paper titled 'Mapping of Water & Sanitation Programmes, Institutions and Fund Flow Architecture for Ganjam, Odisha⁸', December 2018. The said paper mapped out the institutional architecture of WASH at the state and district levels. The institutional mapping captured the governance structure of the sector and the financial mapping captured the sources and flow of funds.

The timeline taken under consideration for this paper is the period of the Fourteenth Finance Commission (FFC) i.e. FY 2015-16 to FY 2019-20. The period of study was from January 2019 to November 2019.

1. Budget tracking for WASH services: Why and for whom?

At the outset, it is pertinent to understand the meaning of budget tracking and its need and importance in WASH services. It is well acknowledged that the key contributing factor to the success or failure in the implementation of any social sector project lies in the way public sector funding or government budgets are allocated and spent. (Savedoff, 2008, pg 5). There are many challenges in managing public sector funding. Some of the familiar approaches to budget tracking include public expenditure tracking surveys (PETS), quantitative service delivery surveys (Rogall, 2007), client satisfaction surveys (or service delivery surveys) and financial and institutional mapping exercises. In the

context of the WASH sector, the budget tracking is often used to increase transparency of service providers at the local level - to inform/empower local community to obtain the agreed upon services.

Some crucial questions on budgets and public finance that are often raised are as follows.

- How does understanding public finance for WASH help CSOs to enhance their work in the community?
- Are budget related data too hard to access, read and understand? And if so, what can be done to address it?

2. Setting the context for financing rural WATSAN: A decentralised process?

Public finance should be based on the four interlinked pillars viz. equity, sustainability⁹, effectiveness and inclusion. These being even more pertinent for the WATSAN sector, the research team went forward with budget tracking at different government levels for rural water and sanitation programmes. The exercise of budget tracking was primarily centred at the data collected by the partner CSOs of the Watershed project (IRC) and WaterAid India (refer to Section II: Methodology). In India, with the 73rd and 74th Constitutional Amendment Act governance has devolved down a long federal chain of command with the Union government playing a pivotal role. Especially in the case for WATSAN, the responsibility of service delivery has shifted between two models - as a Union/state government function (top-down) during the 1950s and 1960s and as a local agenda (bottom-up) from the 1980s.

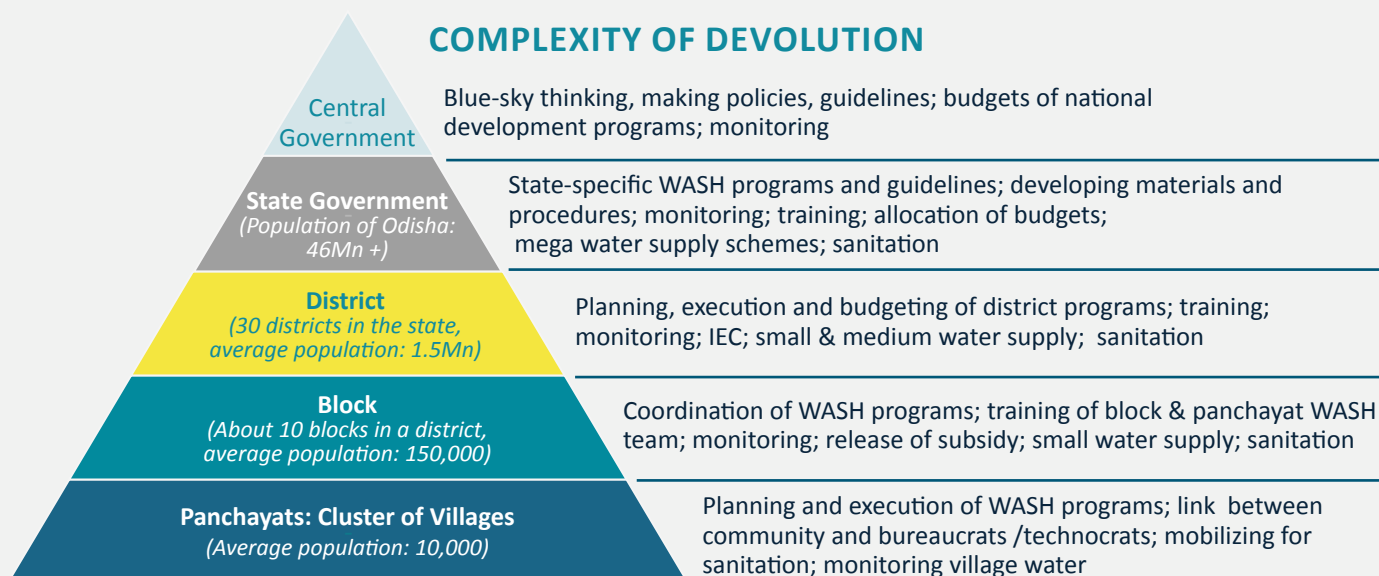
The principle of subsidiarity has held even truer since the advent of the 73rd and 74th Constitutional Amendment Act. This development was expected to facilitate integration of sanitation and water supply services, ease the transfer of schemes to Gram Panchayats for operation and maintenance, and to engage user communities in sectoral decision-making. It would be crucial to see how the three Fs (Funds, Functions and Functionaries) in rural WATSAN have taken place in the case of Ganjam and Nuapada. (Box 1)

Box 1: Fund, Functions & Functionaries

Devolution of the three Fs- Funds, Functions and Functionaries, to the PRIs/local bodies, means the devolution of powers should accompany with adequate funds, clear-cut roles and responsibilities and adequate human resources for executing such roles and spending funds.

As seen in Figure 1.1 below, the Union government has a very clear role in making policies, guidelines and contributing budgets as Grants-in-aid to state governments and centrally sponsored schemes at national level such as the Swachh Bharat Mission-Rural (SBM-R) and National Rural Drinking Water Programme (NRDWP). Further, it is also involved in monitoring and evaluation processes. As water and sanitation are state subjects¹⁰, the state government also plans and formulates state specific WATSAN programmes and guidelines, contribute budgets for them (such as BASUDHA in Odisha) and is further involved in monitoring and evaluating processes. They also play a crucial role in preparing and supporting the budgeting and execution of district specific WASH programmes from Union, state and other sources. They also provide the support in monitoring water quality. The local government subsequently gets involved in executing

Figure 1.1: Decentralised Governance Structure in India



II. METHODOLOGY

1. Process

the WASH programme by using tied and untied funds¹¹. The budget tracking exercise involved three elements viz. secondary research, capacity building and field visits. Union and State level budgetary information was obtained through secondary research from Union and State government documents. (Refer Annexure 1 for details). Capacity building workshops were held with CSOs in Ganjam and Bhubaneswar, covering topics related to planning and budgeting for WATSAN, and institutional mapping for rural WATSAN in the two project districts - Ganjam and Nuapada. In the workshops, the CSOs were involved in identifying budgetary flows, key officials, key documents/reports at the block and district levels as well as the process to source WATSAN budgetary data. The capacity building activity was unique as it also covered the WATSAN budgets especially around delivery of services.

To facilitate collection of budgetary data from the districts and the Gram Panchayats (to be obtained from officials and elected representatives at these levels) CSOs were provided regular guidance on techniques and processes, and handholding. For this paper, the secondary data was collected from the FY 2012-13 to FY 2020-21. For the Union Budget, actual expenditure data for the FY 2012-13 to 2018-19, and estimates for the FY 2019-20 and 2020-21 have been considered. For state budget, actual expenditure data for the FY 2014-15 to FY 2017-18 and estimates for the FY2018-19 and FY 2019-20 have been provided. For Gram Panchayats, data on expenditure have been obtained for the FY 2015-16 to FY 2018-19. A combination of the two approaches – sectoral analysis and trend analysis in budget allocations over time has been used.

2. Steps to build capacities of the project partners on budget tracking

The government, both Union and state, plays a key role in providing programmatic provisions and finances for all households to be covered by water and sanitation services. These have to be in line with the service levels prescribed by the national/state government. The process of engaging the state CSO partners in this kind of approach was initiated by conducting participatory exercises with community members in order to map the available water and sanitation facilities (and their functionality) in the respective communities. Post this, there was a WASH planning exercise facilitated by the partners, to discuss the gaps. These gaps can be addressed at the planning level in the Gram Panchayat in order to ensure the availability of WASH services to all in the respective villages. The planning is further categorised into short- and long-term plans. This was to support the CSOs formulate their demands to the Gram Panchayat realistically. Workshops on planning processes were conducted through this intervention in the districts with Panchayati Raj Institutions (PRIs) and CSOs to orient them on the official planning processes,

the time period/windows and officials to influence to include their needs in the plans. (Figure 2.1). These were the first level of workshops conducted with the partners at Ganjam district, Odisha. Based on some understanding of the planning processes, the partners were then taken through the workshops on public finance. These were the second level of workshops conducted in Bhubaneswar, Odisha. These workshops focused on the need to understand the use of the funds, as plans and expenditures need to highlight budget lines required in the life cycle of the services¹². These state level workshops built on more basic understanding on the financial architecture, the roles of the Union and State governments, institutions involved in WASH, fund flow architecture and the challenges/bottlenecks faced. To further deepen the understanding from the above exercises for all involved in the processes, Centre for Budget and Governance Accountability (CBGA), IRC and the project partners plan to organise sense making / dissemination workshops¹³.

Figure 2.1: Steps Involved in Budget Tracking Exercise in Rural WATSAN

PARTICIPATORY EXERCISES

Resource and social mapping were facilitated by field partners at ward/village levels

WASH PLANNING

Discussions with ward members and CSOs to identify gaps in WASH services for the respective Wards/villages that need to be included in the Gram Panchayat plans.

UNDERSTANDING PLANNING PROCESSES, PROGRAMMES AND INSTITUTIONS

Workshops with partners and CSOs in the respective districts were conducted to discuss the planning processes and share the mapped the government programmes for WASH in the respective states

UNDERSTANDING FINANCES

State level workshops were conducted with partners on understanding public finance, sources of funds for WASH, the significance of the information to CSOs

BUDGET DATA COLLECTION

Partners collected budgets from Gram Panchat, line departments for WASH at the district level

BUDGET SENSE MAKING

Sense making workshops with partners will be done at the state level (to be done shortly after the publication of this paper)

III. BUDGETARY PRIORITIES FOR RURAL WATSAN

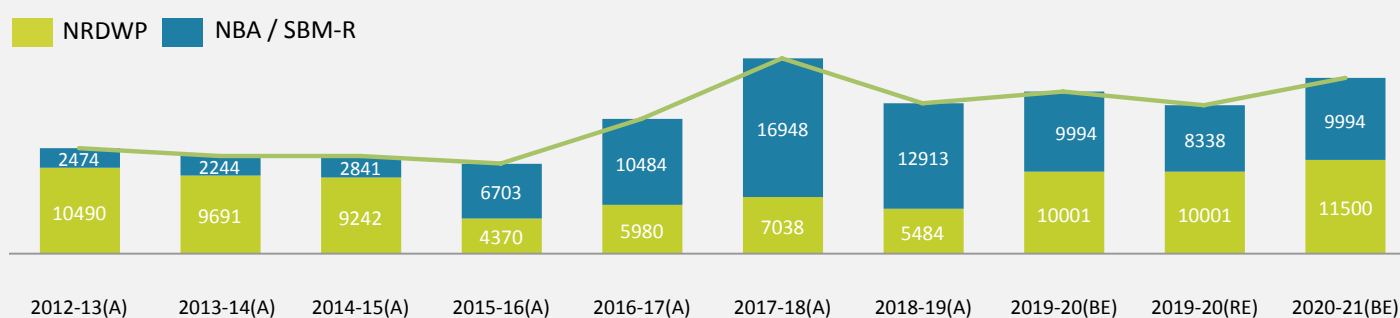
1. Rural water and sanitation financing by the Union government

Financing of water and sanitation by the Union government can be assessed through the funds allocated for two centrally sponsored schemes viz. National Rural Drinking Water Programme (NRDWP) and Swachh Bharat Mission – Rural (SBM-R). Figure 3.1 below, indicates that the allocations for NRDWP fell from 2014-15 to 2018-19, taking the maximum dip in 2018-19. However, it significantly increases (almost doubled) in 2019-20 and 2020-21.

In sanitation, the situation was seen to be different with SBM recording high allocations since 2014-15, reaching its peak in 2017-18. The major reason behind the high allocations for sanitation was the political priority at the national level, as reflected in the launch of Union government’s flagship programme - Swachh Bharat Mission (2015-2019).

However, this brings us to another pertinent observation on the overall Ministry/Department of Drinking Water and Sanitation’s allocation which has not increased significantly from 2012-13 till 2016-17, hence clearly hinting at the shift in NRDWP’s allocations to SBM. The increase has been the most in 2017-18 and considering the allocation for 2020-21, there has been a 78 percentage point increase when compared to 2014-15. However, it is interesting to note that the figures for NRDWP were considerably higher prior to the launch of SBM in 2014-15. In fact, the allocation for NRDWP in 2012-13 and 2020-21 has only a marginal increase of 10 percentage points. In the current year, the Union government is focusing on supplying piped water to all households by 2025. Further with the launch of the Jal Jeevan Mission in July 2019, the increase in NRDWP is expected and a first since 2012-13.

Figure 3.1: Allocations for NRDWP and NBA/SBM-R vis-à-vis Ministry/Department of Drinking Water & Sanitation from 2012 to 2020 (in Rs. crore)



Source: Compiled by CBGA from Union Budget documents, various years.

2. Financing by Local Administrations: 14th and 15th Finance Commissions (FCs)

The WATSAN sector has been given priority by the 14th FC¹⁴ of India, which emphasised delivery of basic services such as water supply and sanitation in the utilisation of basic (90 per cent) and performance (10 per cent) grants provided to Gram Panchayats. The Ministry of Panchayati Raj, which is the nodal ministry for the Finance Commission Funds, further focused on the use of the grants by issuing advisories towards using the 14th FC grants for sanitation and safe drinking water supply in schools and anganwadi centres. The 14th FC had awarded over Rs. 2 lakh crore to the Gram Panchayats for the financial period 2015-2020. The 15th FC, which submitted its final recommendations in November 2019, has been requested to further prioritize rural drinking water, sanitation and hygiene sector in the new grant matrix. Our analysis on budgetary data at the local government level show that some of the areas for which these local funds are being used include Capital Expenditure and Operational Expenditure¹⁵ for water supply schemes, with provision of maintenance, creation and maintenance of rainwater harvesting and ground-water recharge infrastructure, localized water quality treatment solutions, Solid Liquid Waste Management (SLWM) infrastructure and other initiatives to promote and sustain provision of safe drinking water and sanitation.

Box 2: Need for Credit Support and Linkages

To facilitate the investments in WATSAN sector, there is a major need for credit, both at the household and at the enterprises level. Three regulatory changes were made by the Reserve Bank of India with the support of Ministry of Drinking Water & Sanitation in order to facilitate consistent lending in this sector¹. These were as below:

- Inclusion of WATSAN as a priority sector towards which banks and regional rural banks should direct their credit.
- Inclusion of toilet construction as a category for which Self Help Groups (SHGs) linked to the National Rural Livelihood Mission (NRLM)/ State Rural Livelihood Mission (SRLMs) can avail loans.
- According to RBI data, directing one per cent of the priority sector limits of commercial banks towards water and sanitation sector can release approximately Rs. 28,000 crore of credit annually.

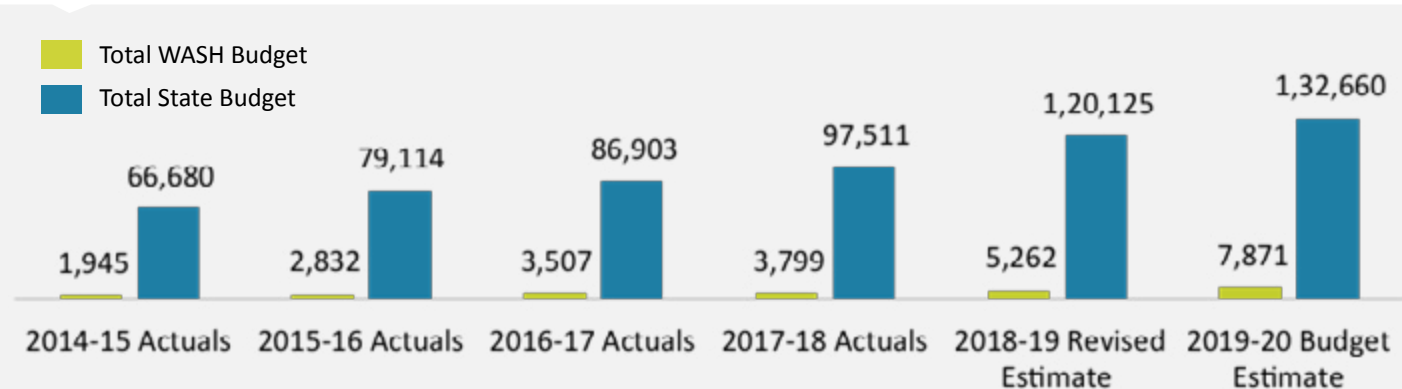
Source: 'Infrastructure and Investments in Water and Sanitation in India', Background Note, MoF, RIS, FICCI for the Conference on 'Water & Sanitation', 31st May-1st June'18, Pune

3. Financing at the State level: The case of Odisha

The share of budgetary allocation for WATSAN as a percentage of the total State budget in Odisha (Figure 3.2) clearly indicates the gradual increase since 2014-15 to 2019-20¹⁶. Especially, the rise has been

significant in 2019-20 where it increases to 5.9 percent from 2.9 percent in 2014-15. This clearly depicts that the State is prioritising WATSAN as a sector.

Figure 3.2: Total WASH Budget vs. Total State Budget in Odisha (in Rs. crore)



Source: Compiled by CBGA from Odisha State Budget, various years, Government of Odisha

IV. BUDGETARY PRIORITIES FOR RURAL DRINKING WATER

In addition to the Centrally Sponsored Schemes (CSSs), the State also invests its own funds in the rural water sector. Figure 4.1 shows the total budgetary allocation for rural drinking water¹⁷ in Odisha from 2014-15 to 2019-20. As one can see, the increase in allocation has been gradual since 2014-15 but doubles in 2017-18. This further gets enhanced significantly from 2017-18 to almost three times in 2019-20. This positive trend is encouraging and clearly indicates the State's increasing priority towards rural water.

The budgetary allocations for CSS - NRDWP¹⁸ and the State scheme- BASUDHA¹⁹, on rural water supply can be seen in Figure 4.2. It is interesting to observe that there is a significant increase in the BASUDHA scheme budget vis-à-vis the NRDWP scheme. In fact, the allocations for NRDWP almost remains constant from 2014-15 to 2019-20 registering a drastic reduction in 2017-18 and then picking up in 2019-20. On the other hand, the growing priority and commitment given to the BASUDHA scheme is evident with the huge increase of almost 300 percent points from 2017-18 to 2019-20. The gap left by the reduced NRDWP allocation is met by the BASUDHA scheme, therefore indicating the increased fiscal autonomy of the States since the 14th FC period. This change could be attributed to the increase share from 32 percent to 42 percent to the States from the 14th FC funds.

On observing the share of NRDWP in the total rural water supply budget of Odisha, (Figure 4.3), it is evident that the share has reduced considerably indicating that State's allocation for rural water has increased while the allocations for NRDWP have decreased over the years.

Figure 4.1: Budgetary Allocation for Rural Drinking Water Supply in Odisha, 2014-15 to 2019-20 (in Rs. crore)

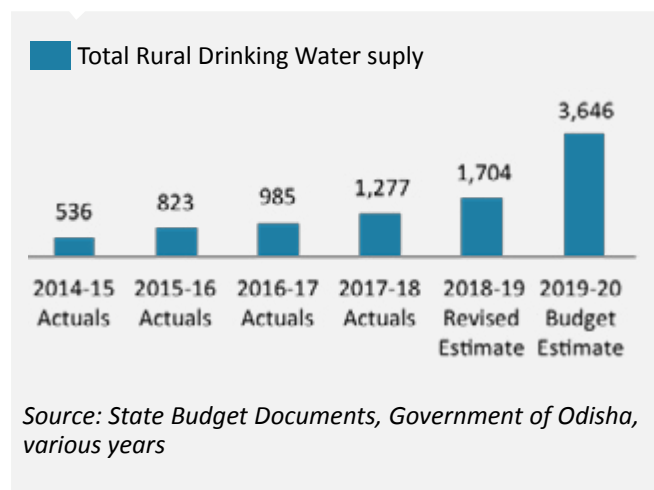


Figure 4.2: Budgetary allocations for NRDWP & State Scheme for Water Supply /BASUDHA in Odisha, 2014-15 to 2019-20 (in Rs. crore)

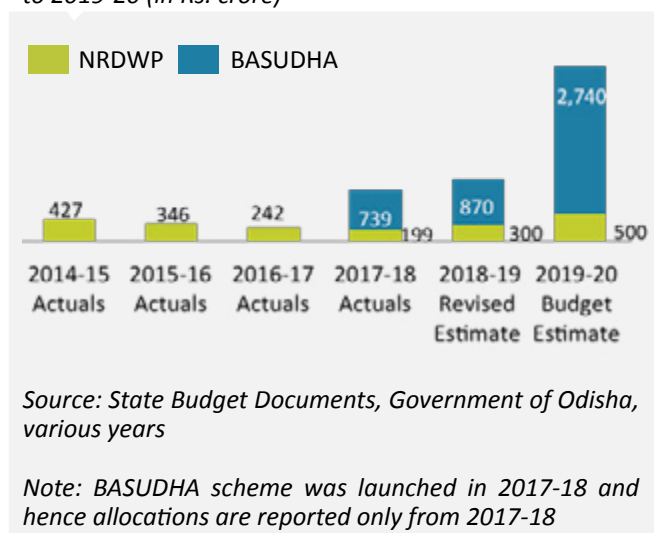
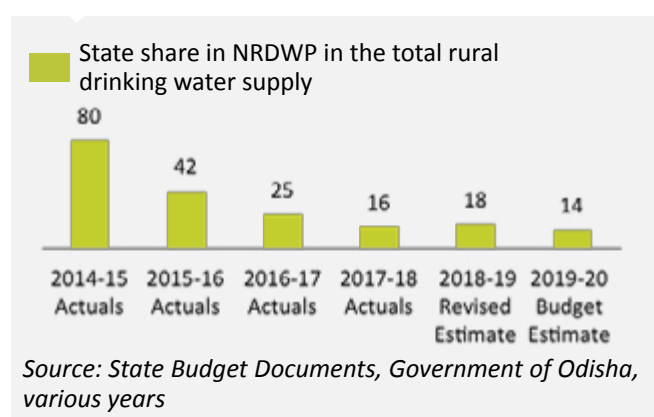


Figure 4.3: Share of NRDWP in total Rural Drinking Water Supply Budget in Odisha, 2014-15 to 2019-20 (in percent)

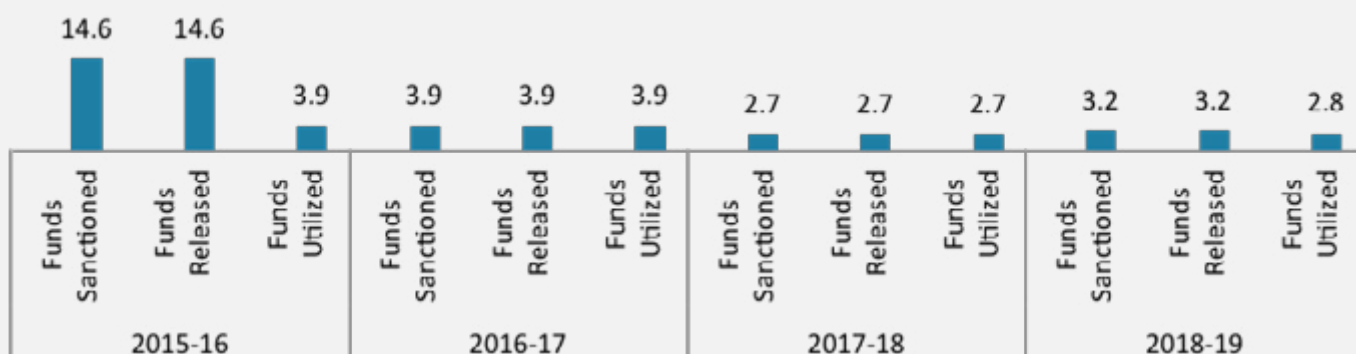


1. NRDWP & BASUDHA at the District level²⁰

The budget allocations for NRDWP at the level of Ganjam district shows a drastic reduction from 2015-16 to 2018-19 as seen in Figure 4.4. This further indicates the reduced budgetary priority for NRDWP which has

also been observed in the State budget. It is interesting to note that even the fund utilisation in 2015-16 has been low as compared to the funds released.

Figure 4.4: Financial progress of NRDWP, 2015-16 to 2018-19, Ganjam District (in Rs. crore)

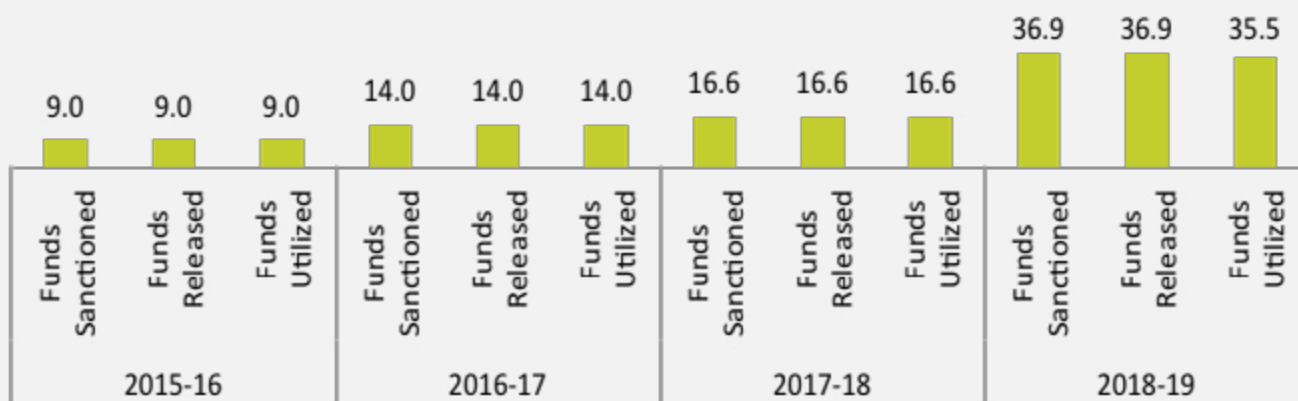


Source: Data collected by Gram Utthan from line departments, Ganjam district, December 2018 & January 2019

In contrast to the above, on analysing the State schemes for rural water supply and BASUDHA, a significant increase in the budgetary allocation from 2015-16 to

2018-19 has been observed (Figure 4.5). This clearly indicates the State’s priority towards the sector.

Figure 4.5: Financial progress of State scheme for water supply/BASUDHA from 2015-16 to 2018-19, Ganjam District (in Rs. crore)

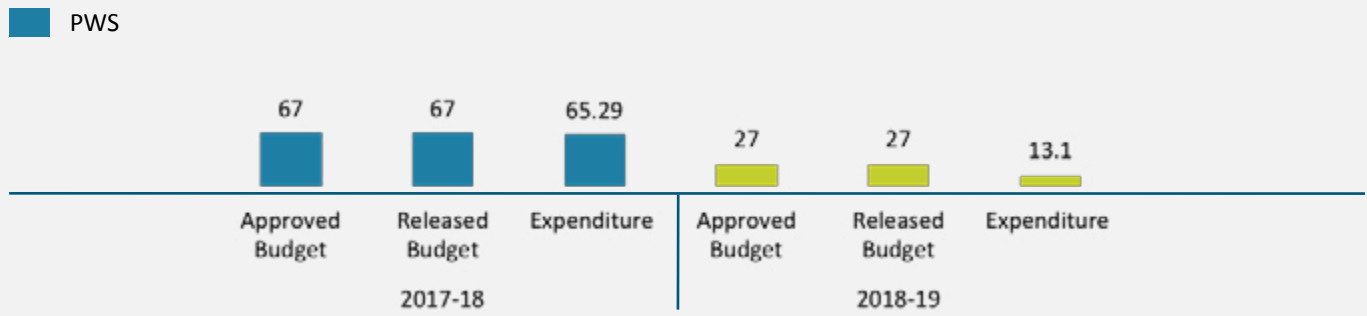


Source: Data collected by Gram Utthan from line departments, Ganjam district, December 2018 and January 2019

As observed in Figure 4.6 above, the financial progress of NRDWP in 2017-18 and 2018-19 shows a decrease in 2018-19. The total expenditure has been on the construction of Piped Water Supply Schemes (PWS) wherein 2017-18 showed more than 60 percent of

expenditure. On the other hand, the expenditure in 2018-19 was only a meager 13 percent. The overall reduction in NRDWP funds to the district in 2018-19 could be attributed to the launch of the BASUDHA scheme and the funds from it.

Figure 4.6: Financial Progress of NRDWP, 2017-18 to 2018-19, Nuapada District (in Rs. lakh)



Source: Data collected by RCDC from line departments, Nuapada district, December 2018 & January 2019

V. BUDGETARY PRIORITIES FOR RURAL SANITATION

Since the launch of the SBM-R in 2014, over 10 crore toilets have been built in rural areas, and over 5.9 lakh villages, 699 districts, and 35 States/UTs have declared themselves ODF²¹. Five years into SBM, in October 2019, the government declared India Open Defecation Free (ODF)²². The next step, as highlighted in the Union Budget 2020-21, is the transition into “ODF Plus”. In order to sustain ODF behaviour, ODF Plus focuses

on liquid and grey water management, solid waste collection, source segregation, processing of solid waste and awareness on personal hygiene. This signals the Ministry of Jal Shakti’s intent towards making sanitation sustainable. The government’s priority to sustain behavioural change is also reflected in the 10-year Rural Sanitation Strategy (2019-2029)²³ of the Department of Drinking Water and Sanitation.

1. Private financing and the Swachh Bharat Kosh

At the time of the launch of the SBM, the Government of India (GoI) had set up an arrangement of pooled funds called the Swachh Bharat Kosh²⁴ (SBK) in order to enable companies to contribute towards the programme. Public sector units (PSUs), private organisations, other organisations as well as individuals have contributed approximately Rs. 10,006 crore towards the Swachh Bharat Kosh since October 2014²⁵. The funds from the Kosh have been used for promotion of sanitation infrastructure in the country. Of the total funds contributed towards SBK, the Government has released Rs. 420 crore towards conversion of dysfunctional toilets to enable a large number of families gain access to improved sanitation facilities. A significant share of this release has been

concentrated in the north eastern States of Tripura, Mizoram and Assam, given the difficult terrain and topographical challenges of the States.

The Government also advocated private and public sector enterprises to contribute towards the SBM in terms of construction of toilets and other sanitary complexes in public spaces and schools. Corporate entities have been contributing to the sanitation campaign by giving donations to the SBK. In addition to this they have also been spending their Corporate Social Responsibility (CSR) funds directly making an impact on the ground through, awareness generation programmes and construction of toilets in schools and households.

2. Financing of rural sanitation by the local government

The 14th FC also included Open Defecation Free (ODF) status for Gram Panchayats as 30 per cent weightage in the evaluation criteria for disbursement of the 10 per cent performance grant. The 15th Finance Commission, which submitted its final recommendations in November 2019, has been requested to further prioritise the rural drinking water, sanitation and hygiene sector in the new grant matrix.

Some of the areas for which these local funds are being used include operation & maintenance, repair and

retrofitting of community toilet complexes, schools and anganwadi centers, retrofitting dysfunctional household toilets and incentivising new households to build toilets, ODF sustainability practices like retrofitting and de-slinging services for individual household latrines (IHHLs), solid and liquid waste management infrastructure and other initiatives to promote and sustain provision of safe drinking water and sanitation.

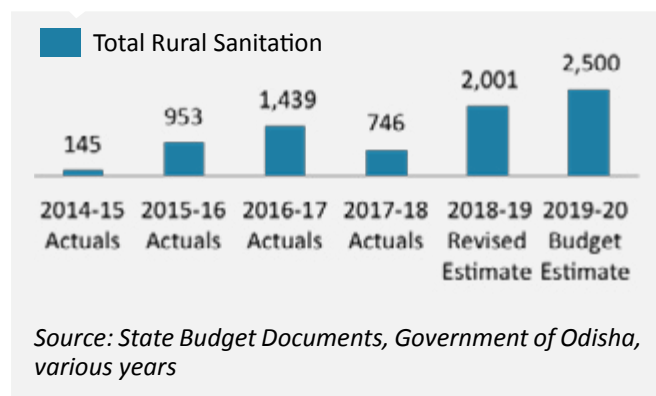
3. Budgetary priorities for rural sanitation: The case of Odisha

The budgetary allocation for rural sanitation from the State government has seen a substantial increase from 2014-15 to 2019-20 (Figure 5.1) in Odisha. This could be attributed largely to the SBM scheme which provided an impetus to the sanitation sector in the country. However, in 2017-18, the allocation had reduced considerably from the previous two years. A possible reason for this could be the high allocation of the previous two years. Again, since the year 2018-19, the allocations for rural sanitation have increased; the highest allocation of Rs. 2500 crore has been recorded in 2019-20.

The funds for rural sanitation in Odisha were used mainly for toilet construction subsidy of Rs. 12,000 (USD 170) per household. The direct costs - salaries and information, education and communication (IEC) were found to be minimal. Most of the staff working on sanitation was found to be in the consultancy contract at various levels. This also highlights the issues around (sustained) usage and ensuring safely managed sanitation in the longer run.

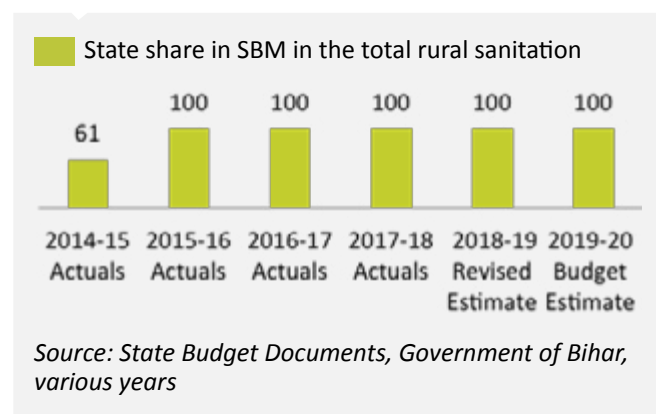
The share of SBM in the total rural sanitation budget of Odisha since 2015-16 to 2019-20 continues to be 100 percent comprising the entire amount allocated to rural sanitation (Figure 5.2). It can be assumed that prior to 2015-16 the State was also spending for rural sanitation through its State scheme.

Figure 5.1: Budgetary Allocations for Rural Sanitation in Odisha, 2014-15 to 2019-20 (in Rs. crore)



Source: State Budget Documents, Government of Odisha, various years

Figure 5.2: Share of SBM in Rural Sanitation Budget of Odisha, 2014-15 to 2019-20 (in percent)



Source: State Budget Documents, Government of Bihar, various years

3. Rural sanitation allocations at the District and Block level²⁶

The budgetary allocation for SBM in Ganjam district was Rs. 84.5 crore in 2018-19 with the physical progress i.e. number of IHHLs constructed being 2,11,926. As per data collected from line departments in Ganjam district, a glaring point to note is the low number of incentive payments made to households which amounted to only 33 percent of the total IHHLs constructed (Table 5.1). It remains to be seen whether the possible reasons for this could be either delay in the release of funds from the State or issues in beneficiary identification or other procedural bottlenecks.

Table 5.1: Physical and Financial Status of SBM in the Ganjam District in 2018-19 (in #)

No. of IHHL constructed in 2018-19	
No. of IHHL incentive paid in 2018-19	2,11,926
Amount (in Rs. crore)	70,396
	84.5

Source: Data collected by Gram Utthan from line departments in Ganjam district, December 2018 & January 2019

Likewise, in Chatrapur block, a budgetary allocation of Rs. 8.2 crore was made in the year 2018-19 with the incentives being paid for 83 percent households (Table 5.2).

The study team had expected the district budget data on the centrally sponsored water supply and sanitation (NRDWP & SBM) to be easily accessible. However, despite these being flagship schemes of the Central government the data on the same was not available. The possible reasons for this could be the pressure of reaching targets in each of the constituencies.

Table 5.2: Physical and Financial Status of SBM in Chatrapur block in 2018-19 (in #, Rs. Crore)

No. of IHHL constructed in 2018-19	8,294
No. of IHHL incentive paid in 2018-19	6,852
Amount (in Rs. crore)	8.2

Source: Data collected by Gram Utthan from line departments, Ganjam district, December 2018 & January 2019

VI. BUDGETARY PRIORITIES FOR RURAL WATSAN AT THE LOCAL GOVERNMENT LEVEL

1. Sources of funds for WATSAN in rural local government

For empowering PRIs and making them as institutions of local self-government, to decide local level development priorities, the 73rd Constitutional Amendment Act (CAA) was legislated in 1992. The primary task of CAA was to provide autonomy to PRIs for preparing local plans and projects related to economic development and social justice which includes public provisioning of drinking water supply and sanitation. However, extent of devolution of power (funds, functions, functionaries) to PRIs was not made mandatory by the Constitution and thereby there has been no uniform devolution of power to the PRIs across the states.

Most of the state governments have devolved bulk of the functions to PRIs without matching funds and functionaries. The proportion of plan fund or untied grants for development work at the discretion of PRIs and non-plan funds for maintenance and up-scaling of existing local level basic services are negligible. There is limited power given to PRIs to collect own resources, the tax base is poor and no specialised staff for tax collection has been provided. Currently, in terms of fund availability, PRIs are largely dependent on grants from State Finance Commissions (SFCs), Central Finance Commissions (CFCs) and Centrally Sponsored Schemes (CSSs). However, due to lack of flexibility in terms of fund usage and scheme guidelines, the mechanism of centralised planning and budgeting in CSS often do not work for PRIs. The SFC and CFC grants give more

Box 6.1: Usage of Basic Grants and Performance Grants during 14th FC period

- The Basic Grant is intended to improve basic civic services like water supply, sanitation, sewerage facilities, solid waste management, storm water drainage, maintenance of community assets, roads, footpath, street lighting, and burial and cremation grounds.
- More focus was given on drinking water and sanitation facility at community level
- Also, priority was given for providing drinking water and sanitation facility at institution level such as schools, health centres and anganwadi centres
- Through the performance grant, the GPs have to take initiatives to prepare proper annual accounts and get them audited regularly without any backlog. GPs will also have to show an increase in their own sources of revenues over the preceding year as reflected in the audited accounts.

Source: Ministry of Panchayati Raj, Government of India

flexibility to the PRIs in terms of planning and budgeting at the local level.

The 14th FC recommended grants in two parts, namely Basic Grant and Performance Grant for duly constituted Gram Panchayats and Municipalities during award period of 2015-20 (Box 6.1). In the case of GPs, 90 per cent of the grant will be the basic grant and 10 per cent will be the performance grant. Entitlement of performance grant may be from the second year of the award period i.e., from 2016-17 onwards. The

14th FC recommended a grant of Rs. 2,00,292 crore to GPs for 2015-20 with basic grant being Rs. 1,80,262.98 crore and performance grant being Rs. 20,029.22 crore. Grants should be released in two installments in June and October every year which must be transferred to the GPs within 15 days of receipt from the Union government. The amount of grant is to be transferred directly into the account of GPs from the State treasury.

2. 4th SFC in Odisha

The SFCs must strengthen the financial resource base of the local bodies in Odisha. It was expected that the financial resources provided by the 4th SFC will make PRIs into fiscally strong institutions. From the 4th SFC recommendations, four broad heads were identified for fund transfer viz. institutional and structural

strengthening, resource generation and legal hurdles, general issues and fund transfer for development purposes. In the first two years of the 4th SFC, the State government released Rs.1,235.46 crore and Rs.1,395.18 crore towards SFC award during 2015-16 and 2016-17 respectively to the PRIs (Table 6.1).

Table 6.1: Recommended Transfers to PRIs in Odisha for 2015-16 to 2019-20 (in Rs. crore)

Distribution mechanism	2015-16	2016-17	2017-18	2018-19	2019-20	2015-20
Devolution	493.77	493.77	493.77	493.77	493.77	2,468.85
Assignment of Taxes	438.31	539.6	620.16	672.84	730.79	3,001.7
Grant-in-aid	290.05	368.43	455.12	539.2	581.72	2,234.52
Total	1,222.13	1,401.8	1,569.05	1,705.81	1,806.28	7,705.07

Source: Report of the 4th SFC, Government of Odisha

The Comptroller and Auditor General (CAG) Audit Report on Local Bodies, 2018 observed that the 3rd SFC had made a recommendation of Rs. 6,787.18 crore for PRIs for the period 2010-15. However, against the recommended transfer, only Rs. 3,120.14 crore (i.e. 46 per cent) was released by the State government. The 2nd SFC had recommended Rs. 2,143.22 crore to the PRIs towards devolution, compensation and assignment, grant-in-aid and salary for the period 2005-10, against which only Rs. 984.36 crore (i.e. 45 per cent) was released by the State government from its own tax revenue.

In Odisha, the drinking water and sanitation was given priority under the 14th FC grants. However, other kinds of development activities have also taken place in the GPs which includes sewage and solid waste management, work related to storm water drainage, construction, maintenance, technical, administrative, operation and maintenance. Looking at the status of fund utilisation in GP Kandetara, Nuapada district, 61.97 and 75.04 percent has been utilised from the 4th SFC and 14th FC grants respectively from 2015-16 to 2018-19. In 2015-16, no expenditure was reported by the GP from 14th FC (Table 6.2).

Table 6.2: Status of Fund Utilisation in GP Kandetara, Nuapada district (in Rs. lakh)

Sources of fund	Receipt	Expenditure	Percentage of Fund Utilisation
4th SFC	56.16	34.8	61.97
14th FC	86.97	65.26	75.04

Source: Data collected by RCDC from GP Office, Kandetara, Nuapada on December 2018 & January 2019

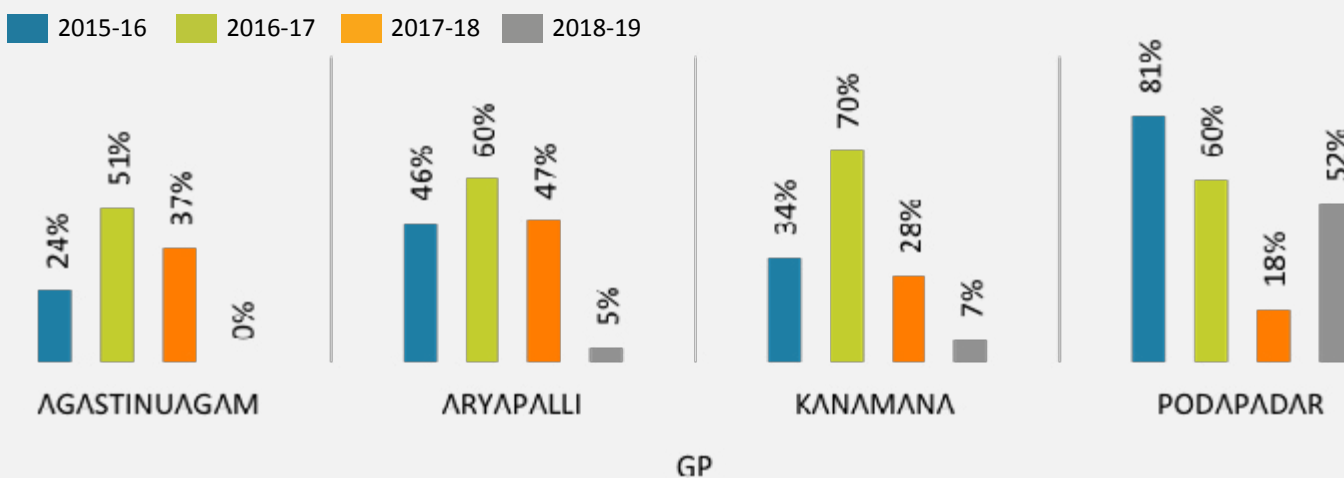
3. Budgets for WATSAN at the Gram Panchayat level²⁷

Looking at the public finance landscape on WATSAN at the three tiers of government, we finally come to looking at Gram Panchayat (GP) budgets. As seen in Figure 6.1, the WATSAN expenditure as percentage of WATSAN allocation from 2015-16 to 2018-19 has been presented for four GPs namely Agastinuagam, Aryapalli, Kanamana and Podapadar in Ganjam district. The maximum expenditure has been in the year 2016-17 for all the GPs except Podapadar. Further, Agastinuagam has reported no WATSAN expenditure in 2018-19

and Aryapalli and Kanamana have reported meager WATSAN expenditure in 2018-19. A few questions that arose while analysing the data are the following - Were the allocations commensurate or disproportionate to the expenditure? Why spending on rural WATSAN in the four GPs was highest in 2016-17 and what were the reasons for its decline in 2018-19? Was the expenditure for rural WATSAN commensurate with improved WATSAN service delivery in the four GPs?²⁸

Figure 6.3: Gram Panchayat Budgets for WATSAN in Chatrapur block, Ganjam district, 2015-16 to 2018-19 (in percent)

% WATSAN expenditure on watsan allocation



Source: Data collected by Gram Utthan from GP offices of Agastinuagam, Aryapalli, Kanamana & Podapadar Chatrapur block, Ganjam district, December 2018 and January 2019

VII. KEY FINDINGS

Some of the key findings from the study include the following:

A. Challenges in budgetary data collection process and budget policy - process issues

- The capacity of CSOs in budget data collection was found to be severely deficient. There was a lack of understanding on the collection of information that includes what to collect, how to collect and from where to collect. To address this challenge, the capacities of PRI functionaries at the GP level need to be built to a level where greater ownership and better management of GP accounts and finance takes place. Further, effective monitoring in the implementation of these schemes is required to be undertaken by the CSOs. There is also a need for a better understanding on state polity and its fiscal and federal structure
- A number of issues in the WATSAN sector have resulted from deficiency in budgets or from poor utilisation of available budgets. Moreover, resolving some of the issues requires additional budgets. Some of these are budget policy issues (where there is a need for increasing budgets) such as lack of human resources for implementing the relevant schemes, budgets for major (and minor) maintenance, and budget

for improving water quality.

- Additionally, there are several budget process issues (where the requirement is for better utilisation of available budgets). These include poor maintenance of assets, low/no capacities of community level organisations (e.g. Village Water Sanitation Committees) to manage water supply, delays in payment of toilet subsidy, unrealistic pre-conditions for releasing the subsidy / beneficiary incentive for toilet construction, lack of skilled masons, misuse of IEC budgets and corruption.

B. Issues in Fund Flow and Fund Utilisation:

1. **Shortage of Staff:** From the field level assessment undertaken by the study team, it was revealed that delays in fund flow in the 4thSFC and 14thFC funds occurred from Union government to the State government and from State to local government level. Also, there is lack of decentralisation of power to Panchayats in terms of finance, staff and control over functions. Further, there is inadequate staff for major and minor maintenance of water supply projects and monitoring of water quality. Table 7.1 depicts the status of vacancies at PRI level in Odisha.

Table 7.1: Staff position of PRIs in Odisha (in #)

Post	Sanctioned strength	In-position	Vacancies (per cent)
Block Development Officer (BDO)	314	276	38 (12)
Additional Block Development Officer (ABDO)	314	180	134 (43)
Junior Engineer/Gram Panchayat Technical Assistant (GPTA)	2,698	2,308	390 (14)
Panchayat Executive Officer (PEO)	6,801	5,362	1,439 (21)

Source: C&AG Audit Report on Local Bodies, Government of Odisha, 2018

2. Mechanism of accounts and audit practiced at the GP level: Prior weak status of audit in Odisha. Audit of accounts prepared by PRIs is done by The Director, Local Fund Audit (DLFA). The directorate of DLFA comes under Finance Department of the State and functions under the Orissa Local Fund Audit Act, 1948. The DLFA has been given responsibility to conduct audit of PRIs of all 30 districts of the State through 26 District Audit Offices. Table 7.2 shows the

status of audit of GPs carried out by DLFA as of March 2017. Before 2015-16, there was a huge backlog in audit of accounts of GPs leading to inadequate planning of managing accounts. The DLFA had therefore engaged the Institute of Public Auditors of India (IPAI) in 2010 to reduce the arrears in audit of GPs. The IPAI audited accounts of 2,177 GPs during 2016-17 on behalf of DLFA (Table 7.2).

Table 7.2: The Status of Audit of PRIs by DLFA as of March 2017 (in #)

Year	Total number of GPs planned for audit	Total number of GPs audited	Shortfall (percentage)
2014-15	6,234	4,647	1,587 (25)
2015-16	5,977	5,427	550 (9)
2016-17	4,606	4,429	177 (4)

Source: C&AG Audit Report on Local Bodies, Government of Odisha, 2018

3. Budget Data: Issues of unavailability and transparency. There is a lack of budget data availability and transparency on 14th FC and SFC funds at the district level. Overall, there is reluctance to share financial information/data at the district, block and especially at the GP level. Under the present study, GP level data has been collected by the partner organisations of the Watershed project and WaterAid India.

Sabha is minimal in terms of deciding the development priority for the GP. Priorities are decided by the State government as per the fund availability and sources of funding. The process of preparing GPDPs in Odisha has been started to some extent by GPs, especially where NGOs are facilitating these processes in partnership with the local administration.

4. Gram Panchayat Development Plan (GPDP) and Role of Gram Sabha: The role of Gram

VIII. KEY RECOMMENDATIONS

For State Government:

- **Transfer 3Fs to PRIs for better implementation of water and sanitation projects in GPs:** The State government needs to ensure that funds and functions are transferred to all levels of the local government i.e. district, block and GP in a timely manner. Since the process of fund transfer gets delayed from the state level, it is necessary to ensure better coordination and communication between the State government and the line departments at the district, and go beyond mere tokenism. As a lesson learnt from the 14th FC, the 15th FC must institutionalise the devolution process to PRIs and ULBs so that the recommended fund-flow to them happens in a time-bound manner.
- **Increased focus on improving accounts at PRI level:** Since maintaining accounts at the GP level proves to be a challenge, there should be clear orders from the State government to instruct GPs to use 10 percent of the administrative costs towards support staff for maintaining accounts.
- **Capacitate the line department:** Findings from the dissemination workshop in Ganjam²⁹ revealed that the line department is understaffed, with few engineers being responsible for multiple GPs. Further, it lacks resources leading to engineers having to rely on their personal vehicle to move around. These factors affect timely completion of work. Henceforth, investing more funds towards hiring of regular monitoring, engineering, and financial staff is required by the State government to ensure smooth functioning.

For District Government:

- **Capacitate PRI functionaries:** There is a need to invest more financial resources in capacities of elected and non-elected of functionaries of GP including ward members to prepare need-based plans, budgets, regular accounts/ audit and to implement the 14th FC and SFC grants.
- **There is a need for transparency in budget and physical outcomes data for projects under the 14thFC and SFC at the district level.**
- **Strengthening District Planning Committees (DPCs)³⁰:** DPCs in each district are supposed to consolidate the plans prepared by the Panchayats and the Municipalities in the district and prepare a draft development plan for the district. In Odisha, 26 districts have formed DPCs wherein the Chairperson is the Member of Legislative Assembly (MLA). This severely hampers the participative nature of the planning process in the DPC. Therefore, the DPCs need to be given adequate financial support, a permanent office and secretariat in order for them to perform their tasks effectively. There is also a need for capacity building of members on the role and functions of DPC and on the tenets of integrated planning for social and economic development.
- **Improve communication between line department and PRIs:** Due to lack of information sharing from the line departments to PRIs on the timeline required for a WASH work, GPs are unable to complete the works. As delays are usual in completing the works, it leads to loss of interest (on the amount transferred to the line department) for the GPs. Further, on completion of the work, it was reported that the line department does not share a breakdown of the cost with the GP. Consequently, the Sarpanch (the elected leader of the GP) is reluctant to utilise the budgets for works on which they have no financial clarity. For this reason, there needs to be improved communication between the line departments and GPs to ensure that there is no loss of money in the GPs account³¹.
- **Greater transparency in budget related information and data:** The District government needs to ensure greater transparency in sharing budgetary information and data such as sharing the line department's break up of costs as well as budget data.

For Block Government

- **Increased role and more functional powers for block governments:** The block government should not merely function as a post office for the district and the GP, but rather play a more prominent role in the matters of the GPs. Greater financial powers should be delegated to the block authorities as well as a larger financial corpus for training and capacity building activities. The block can play a role in ensuring transparency by having a public information space/system, whereby the community can view budget related information of the GPs.

For GPs

- **Improve awareness on budgetary information and data:** GP functionaries should be able to understand the relevance and necessity of budgetary information and data in their work. This will enable them to lose their hesitancy in asking and demanding information from higher level government functionaries. For this purpose, capacity building and awareness generation activities can be organised by Sarpanch and village leaders at the GPs.
- **Dedicated cadre of staff for GPs:** GPs should have a dedicated cadre of engineers, accountants and support staff for its efficient functioning.
- **Focus on water security and water conservation:** Apart from implementation of water supply projects, focus should also be given

to the water security and water conservation by GPs while implementing the 14thFC and SFC projects on drinking water supply.

- **Transparency on GP budgetary information:** The GP should be transparent about its fund usage with the community. Existing good practices such as displaying fund allocation and usage, source of funds with budget lines through wall painting and hoardings should be reinforced and scaled up.

For NGOs

- **Support to grassroot level CSOs and NGOs for training on budgetary issues and WASH:** Regular training and support is required for grassroot CSOs on budgetary issues and WASH. This would enable them to engage with PRIs and district and State government officials on budgeting and monitoring.
- **Improve awareness on budgetary information and data:** NGO functionaries need to be able to understand the relevance and necessity of budgetary information and data in their work. This is so that the NGOs can engage with the government functionaries in a more productive way to facilitate the leveraging of existing programmes and funds for the GPs. Training and capacity building programmes could be facilitated by technical organisations with the support of the Sarpanch and village leaders at the GPs which would build capacities of the GP representatives to do this over time.

IX. ENDNOTES

1. <https://www.cbd.int/financial/2017docs/GLAAS-2017-report.pdf>
2. The NRDWP has been subsumed under the Jal Jeevan Mission (JJM) which was launched in August 2019 with the aim to provide functional household tap connection to all rural households by 2024. The NRDWP was earlier a part of the Ministry of Drinking Water and Sanitation which is now the Ministry of Jal Shakti, created in July 2019, with the mission to develop and manage water resources in an integrated manner.
3. Watershed India Project (2016 - 2020) aims to facilitate improvements in governance and management of WASH (Water, Sanitation and Hygiene) services and water sources on which such services depend by strengthening the role of CSOs as agents of change in the sector.
4. <http://www.cbgaindia.org/working-paper/mapping-water-sanitation-programs-institutions-fund-flow-architecture-ganjam-odisha/>
5. <https://www.livemint.com/news/india/why-the-centre-state-battle-has-a-new-front-11580919944379.html>. The 15th Finance Commission (FY 2020-21 to FY 2024-25) will submit its Final Report for an extended period of 2021-22 to 2025-26 by October 30, 2020 and hence beyond the scope of this paper.
6. The budgetary data for Nuapada district been collected by WaterAid India's partners, RCDC and the data for Ganjam has been collected by IRC's Watershed project partners, Gram Utthan. Ganjam data has been used for GP level budgetary analysis since Nuapada data at the GP level was not adequate.
7. The detailed budgetary analysis at the Gram Panchayat level has been brought out as a separate output 'Rural WATSAN Expenditure Trends: Insights from 4 GPs in Ganjam district, Odisha'
8. <http://www.cbgaindia.org/working-paper/mapping-water-sanitation-programs-institutions-fund-flow-architecture-ganjam-odisha/>
9. The Principle of Subsidiarity recognises that services should be delivered by the lowest appropriate level. The decisions and processes which can be best performed at local levels should be executed there. Hence, the responsibility for the delivery of water and sanitation services vests with the local governments.
10. The 11th Schedule of the Constitution lists the different subjects with regard to Panchayat's powers, rural development, poverty alleviation, market, roads and drinking water.
11. Tied funds are funds which have conditions attached to their use. Those funds which have no conditions attached and there is full discretion in their use are untied funds.
12. What is Life Cycle Costs Approach - <https://www.ircwash.org/news/costs>
13. At the time of revising the paper, the dissemination workshop was organised at Ganjam, Odisha on 24th January 2020
14. The Finance Commission (FC) is a body set up under Article 280 of the Constitution of India. Every five years, a FC is set up and recommends distribution of revenues between the Union and States.
15. Minor maintenance is routine repairs and adjustments needed to keep systems running. For more details refer to Annexure I.
16. The budgetary allocations for the year 2012-13 & 2013-14 have not been captured since the Union government funds for NRDWP & SBM did not flow through the State Treasury. However, since 2014-15, the fund flow is through the State Treasury and hence reported.
17. The total rural water supply budget includes all the budget allocation for rural water through various departments such as PR&DW, Revenue & Disaster Management, Rural Development, Finance, SC&ST Dept, Minorities & Backward Classes Welfare in the State budget.

18. The 'Detailed Heads' for NRDWP are Piped Water Supply, Spot sources & Sustainability.
19. The 'Detailed Heads' for BASUDHA are Piped Water Schemes & Sustainability measures
20. The budgetary data for NRDWP & BASUDHA at the District level was collected by the CSO partners, Gram Utthan as part of the capacity building of CSO's to track budgets in WASH.
21. Economic Survey 2019-20, GoI
22. <https://sbm.gov.in/sbmdashboard/Default.aspx>
23. https://jalshakti-ddws.gov.in/sites/default/files/Rural_Sanitation_Strategy_Report.pdf
24. The Kosh is a repository of pooled funds towards the SBM from corporations and private donations
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26. The budgetary data for SBM at the District and Block level was collected by the CSO partners, Gram Utthan as part of the capacity building of CSO's to track budgets in WASH. It is important to state here that analysis of district and block level budget data was limited to the information collected by the CSO partners. Although public information, the CSO partners reported of facing resistance from authorities in sharing the information, over repeated visits.
27. For a more detailed analysis of GP budgets in Ganjam district, refer to the paper 'Allocations and Expenditure on Rural WATSAN in four GPs of Ganjam district' (Please share the link)
28. Detailed explanations for these questions can be found in the paper 'Allocations and Expenditure on Rural WATSAN in four GPs of Ganjam district'
29. <https://www.ircwash.org/news/accountability-and-transparency-gram-panchayats-need-improving>
30. A Committee created as per article 243ZD of the Constitution of India at the district level for planning at the district and below.
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32. 'A Guide to using Budget Analysis', 2016, CBGA

X. ANNEXURE

How to read technical documents in the Union Budget³² ?

The expenditure proposals in the Union Budget are classified either on the basis of Ministries/Departments that will undertake the specific expenditures- for which there are Demand numbers, or on the basis of specific services which are delivered through a particular expenditure-for which there are Major Heads of account.

Demand Numbers

The estimates of expenditure for various Ministries/ Departments are in the form of Demand for Grants. When a Ministry/Department is handling a number of different functions, a separate Demand for each of its major functions is submitted. Each Demand for Grant shows the total amount required for a function during the year showing revenue and capital expenditure separately.

Demand No.

Ministry/Department

24 Ministry of Drinking Water and Sanitation

57 Dept. of School Education & Literacy

58 Dept. of Higher Education

96 Ministry of Tribal Affairs

Major Heads

Major heads are four digit codes, which have been allotted to specific services delivered by the government- following distinct patterns for revenue receipts, revenue expenditures, capital receipts and capital expenditures. If the first digit of the major head is "0" or "1" the Head of Account will represent Revenue Receipt, "2" or "3" will represent revenue expenditure, "4" or "5" Capital Account, "6" or "7" Loans and Advances, and "8" or "9" Public account.

Examples of Major Heads:

2215 Water Supply and Sanitation (Revenue Expenditure)

3601 Grants-in-aid to State Governments (Revenue Expenditure)

0401 Crop Husbandry (Revenue Receipt)

4401 Capital Outlay on Crop Husbandry (Capital Account)

6401 Loans for Crop Husbandry (Loan and advances account)

2210 Revenue account disbursement for Medical and Public Health

4210 Capital account disbursement for Medical and Public Health

6210 Loans for Medical and Public Health

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PUBLICATION SERIES

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- 1a. *Mapping of Water & Sanitation Programs, Institutions and Fund Flow Architecture for Samastipur, Bihar.* (December 2018)
- 1b. *Mapping of Water & Sanitation Programs, Institutions and Fund Flow Architecture for Ganjam, Odisha.*(December 2018)
2. *Strengthening the Role of Rural Local Bodies in WASH Financing and Services: Policy Learnings from a Multi-Stakeholder Workshop.* (March 2019)
- 3a. *Tracking Budgets for Rural WATSAN: An Assessment of districts Gaya and Samastipur in Bihar, India.* (April 2020)
- 3b. *Tracking Budgets for Rural WATSAN: An Assessment of districts Ganjam and Nuapada in Odisha, India.* (April 2020)

