

Performance Audit of Accelerated Rural Water Supply Programme (ARWSP)

Chapter 1 - Introduction

1.1 Overview of the Programme

1.1.1 Background

Drinking water supply is a State subject, and the Government of India (GoI) supplements efforts made by the States, by providing necessary and financial technical assistance. The investment made by the State and Central Governments in the rural water supply sector since the I five year plan is of the order of Rs. 66,000 crore.

The Accelerated Rural Water Supply Programme (ARWSP), originally introduced by the Government of India (GoI) in 1972-73, was withdrawn from 1974-75 with the introduction of the Minimum Needs Programme (MNP). Since the MNP was not found to be satisfactory, ARWSP was reintroduced in 1977-78. The entire programme was given a mission approach with the introduction of the National Drinking Water Mission (NDWM) in 1986. The NDWM was renamed as the Rajiv Gandhi National Drinking Water Mission (RGNDWM) in 1991.

In 1999, a Comprehensive Action Plan (CAP 99) was prepared to identify and cover Not Covered (NC) and Partially Covered (PC) habitations. Further, the Bharat Nirman programme, which was launched in 2005, had a rural drinking water supply component, which envisaged covering of all uncovered habitations identified under CAP 99, and also addressing the problems of slip-back and water quality in four years by 2008-09.

As part of a transformation from a target-based supply-driven approach to a participatory, demand-driven approach, the Sector Reform Programme was launched on a pilot basis in 1999-2000 in 67 districts of 26 States. This was then modified and launched as Swajaldhara in December 2002, with two Dhara (streams) – the first Dhara (Swajaldhara-I) for a Gram Panchayat (GP) or a group of GPs or an Intermediate Panchayat, and the second Dhara (Swajaldhara-II) with a District as the project area.

1.1.2 Programme Objectives

The prime objectives of ARWSP are to:

- Ensure coverage of all rural habitations with access to safe drinking water;
- Ensure sustainability of drinking water systems and sources;
- Tackle the problem of quality in affected habitations; and
- Institutionalise the reform initiative in the rural drinking water supply sector.

1.1.3 Coverage Norms

The following norms have been adopted for providing potable drinking water supply to the population:

- 40 litres per capita per day (lpcd) for human beings;
- 30 lpcd of additional water for animals in areas under the Desert Development Programme (DDP); and
- One hand pump or stand post for every 250 persons.

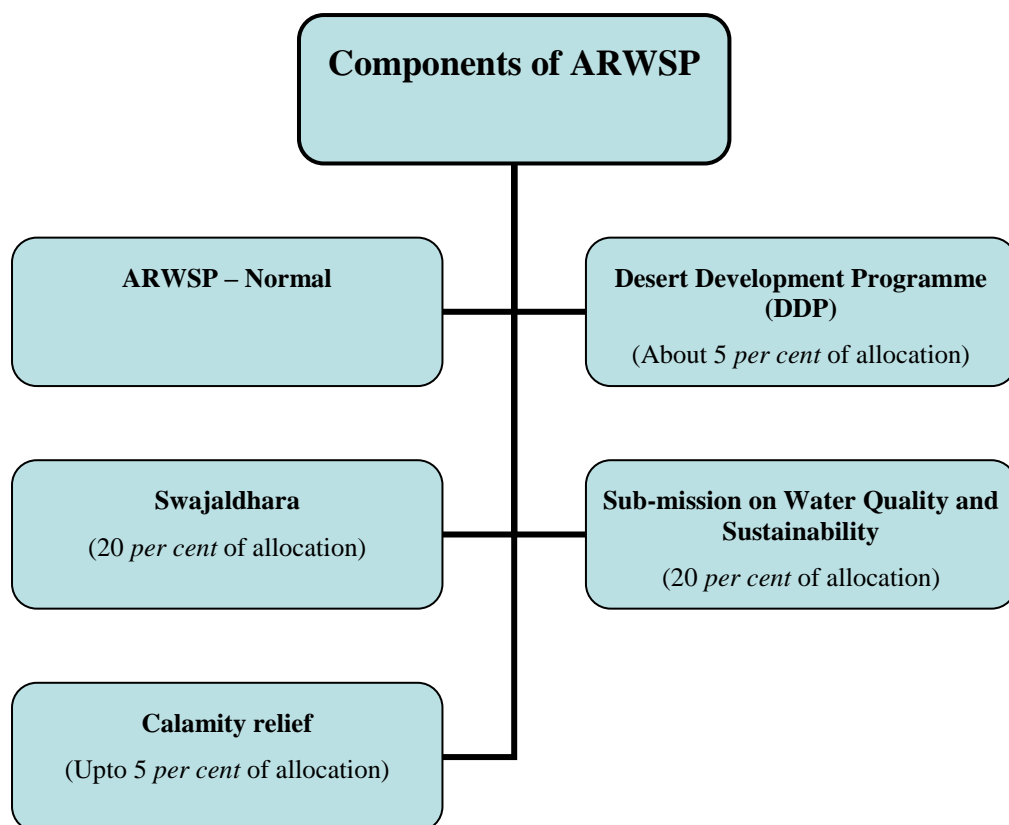
Habitations are categorized as follows:

- **Not Covered (NC)/ No Safe Source (NSS)** habitations, where a drinking water source/ point is not available within 1.6 km of the habitations in the plains or 100 metre elevation in hilly areas, or where the habitations have a water source which is affected by quality problems;
- **Partially Covered (PC)** habitations, which have a safe drinking water source, but the capacity of the system ranges between 10 lpcd to 40 lpcd.
- **Fully Covered (FC)** habitations, which would cover all remaining habitations.

A **Dual Water Supply Policy** has been prescribed for rural habitations facing acute water quality problems. In such habitations, even if 10 lpcd of safe water, which would be sufficient for drinking and cooking purposes, is provided, the habitation would be considered to have a safe source, since water available from the unsafe sources can be used for other activities like washing, ablution etc.

1.1.4 ARWSP Components

An overview of the different components of ARWSP is as follows:



1.1.5 Funding Pattern

The funding pattern for the programme is as follows:

- State Governments should match funds released by the GoI on a 1:1 basis; however, for projects under the Sub-Mission for water quality and sustainability, funding is in the ratio of 3:1 between the GoI and the State Governments, and allocation under DDP is funded 100 per cent by the GoI.
- Up to 20 per cent of the funds can be utilized by the State Governments (a) to take up projects under the Sub-Mission programme for tackling water quality problems like fluorosis, arsenic, brackishness, excess iron and nitrate (15 per cent of funds) and (b) to ensure source sustainability by conserving water, recharging aquifers etc. (5 per cent of funds).
- Up to 15 per cent of the funds can be utilized for Operation and Maintenance (O&M) of assets created.
- At least 35 per cent of funds must be utilized for drinking water supply to SC/ST populations.
- For projects under Sector Reform Programme and Swajaldhara, the funding pattern is 90 per cent from GoI and 10 per cent by way of community contribution.

1.1.6 Organisational Structure

The Department of Drinking Water Supply (DDWS) in the Ministry of Rural Development is the nodal department in the GoI for providing scientific, technical and

financial assistance to the States in the drinking water and sanitation sector. ARWSP is executed in mission mode through the RGNDWM.

At the State level, the programme is executed by Public Health Engineering Departments/Water Boards/ Nigams/autonomous bodies/ authorities under the concerned State Government.

1.2 Programme Performance during 2002-07

1.2.1 Physical Performance

Achievement in terms of coverage of problem habitations viz. Not Covered (NC) and Partially Covered (PC) habitations under ARWSP vis-à-vis targets set during the period 2002-03 to 2006-07 is depicted below:

Table 1: Physical Progress of Coverage of NC/PC Habitations

(In lakh)

Year	Targets			Achievements		
	NC	PC	Total	NC	PC	Total
2002-03	0.12	0.65	0.77	0.10	0.38	0.48
2003-04	0.17	0.73	0.90	0.10	0.42	0.52
2004-05	0.22	0.99	1.21	0.15	0.48	0.63
2005-06	0.51	0.55	1.06	0.31	0.52	0.83
2006-07	0.48	0.94	1.42	0.34	0.67	1.01

Source: Data furnished by State-level implementing agencies to audit

1.2.2 Financial Performance

Details of funds released and funds utilized by the States during the period 2002-07 are as follows:

Table 2: Fund utilization

(Rs. in crore)

Year	Opening Balance with States	Releases made by DDWS	Funds Available with States	Expenditure reported by States out of GoI funds	Expenditure as percentage of Available Funds
2002-03	307	2101	2408	1816	75
2003-04	401	2565	2966	1973	67
2004-05	398	2931	3329	2188	66
2005-06	356	4098	4454	2857	64
2006-07	1096	4409	5505	2489	45
Total		16104		11323	70

1.3 Audit Objectives

The main objectives of the Performance Audit were to ascertain whether:

- The survey of habitations was conducted effectively, and resulted in authentic and reliable data;

- There was an effective process of planning for ARWSP;
- Financial control was adequate and effective, and funds were released in timely fashion;
- Individual projects were implemented within the stipulated time and cost, and were executed economically, efficiently and effectively;
- The mechanism for monitoring of water quality and surveillance was adequate and effective;
- Adequate attention was accorded to sustainability of water sources and Operation and Maintenance of existing water supply assets;
- The objective of participatory, demand-driven rural water supply through Swajaldhara was achieved effectively; and
- There was an adequate and effective mechanism at different levels for monitoring and evaluation of the scheme.

1.4 Audit Criteria

The main sources of audit criteria used for the Performance Audit were the following:

- Guidelines for Implementation of Rural Water Supply Programme (August 2000);
- Guidelines on Swajaldhara (June 2003);
- Guidelines on Survey of Drinking Water Supply Status in Rural Habitations (February 2003);
- Guidelines for National Rural Drinking Water Quality Monitoring and Surveillance Programme (January 2006);
- National Water Policy (April 2002);
- Guidelines for Implementation of Schemes and Projects on Sustainability under ARWSP and PM's Gramodaya Yojana – Rural Drinking Water (October 2000); and
- Draft Project Reports and Project Implementation Plans for individual schemes.

1.5 Audit Scope, Sampling and Methodology

1.5.1 Earlier Audits

The programme was previously reviewed in audit and reported in the Comptroller and Auditor General of India's Report No. 3 of 1998 (Chapter 6-National Drinking Water Mission) and No.3 of 2002 (Chapter III-ARWSP).

Significant observations in the latter report included large number of NC/PC habitations, re-emergence of problem villages, poor planning in implementation of schemes, lack of adequate monitoring of quality of water, inadequate community participation and poor fund management, and inadequate and inefficient programme monitoring.

In their Action Taken Note submitted in June 2003, the Ministry had stated that fresh surveys were conducted to assess the real magnitude of the problem of reemergence of problem habitations. Further, instructions had been issued to the State Governments for careful prior examination to minimize abandonment of schemes, and effective monitoring of rigs to ensure optimum utilization. Also, in order to institutionalize community participation, the Swajaldhara scheme had been introduced, and instructions had been issued for timely release of full funds to implementing agencies, correct treatment of advances, not diverting funds and investigation of cases of suspected misappropriations.

1.5.2 Scope of Current Performance Audit

The scope of the performance audit covered 26 States, with the period of audit coverage from 2002-03 to 2006-07. Field audit of the relevant records of the DDWS, State Governments, and District and State Implementing Agencies (Public Health Engineering Departments, Jal Nigams etc.) was conducted between June and October 2007.

1.5.3 Audit Sampling

The sampling plan for audit of ARWSP was as follows:

- In each State, 25 per cent of ARWSP districts (subject to a minimum of two) were selected.
- In each district, 25 per cent of divisions/units (subject to a minimum of two) were chosen and in each sampled division/unit, ten schemes, (preferably distributed evenly over the period from 2002-03 to 2006-07), were selected for detailed examination.

Thus, records relating to 154 districts, 278 divisions/units within the selected districts, and 2010 schemes in the selected divisions, were selected for detailed examination.

For Swajaldhara projects, in each State, 25 per cent of districts (subject to a minimum of two) were selected. In each district/unit, ten schemes, preferably distributed evenly over the period from 2002-03 to 2006-07, were selected for detailed examination.

Details of the audit sample are given in **Annexure –A**.

1.5.4 Audit Methodology

The Performance Audit commenced with an entry conference with the DDWS in July 2007, wherein the audit methodology, scope, objectives and criteria were explained. During the meeting, DDWS also made a presentation on the status of ARWSP.

The draft audit report was issued to DDWS in December 2007. An exit conference was held (January 2007) with the Secretary, DDWS to discuss the audit findings in the draft report. A meeting was also held (March 2008) by the Secretary, DDWS with the States to expedite their responses to the findings in the draft audit report, at which audit was also present.

The Ministry sent its response (May 2008) on the draft audit report, and also enclosed the comments of 24 State Governments on the findings of the draft report. Further,

the Ministry also forwarded (June 2008) some success stories of different states in rural drinking water supply. The responses of the Ministry and the State Governments have been incorporated, as appropriate, in this report.

Audit acknowledges the cooperation and assistance extended by the DDWS and its officials, as well as those of the State Governments, at various stages of conduct of the Performance Audit.