



BUDGET BRIEFS

Vol 11/ Issue 5

National Rural Drinking Water Programme (NRDWP) GoI, 2019-20 (Pre-Budget)

The **National Drinking Water Programme** (NRDWP), is Government of India's (GoI's) flagship rural drinking water supply scheme. The scheme aims to provide safe and adequate water for drinking, cooking, and other domestic needs on a sustainable basis.

Using government reported data, this brief reports on:

- Allocations, releases, and expenditures for NRDWP,
- Component-wise trends,
- Progress on coverage.

Cost share and

Implementation: Funds are shared between GoI and states in a 50:50 ratio for Programme Fund except Sustainability. For components on Sustainability, Support and Water Quality Monitoring and Surveillance (WQMS) the fund sharing pattern is 60:40. For the eight North-eastern states and three Himalayan states, this ratio is 90:10 for all the

HIGHLIGHTS

₹ 22,357 cr

GoI allocations for Ministry of Drinking Water and Sanitation (MDWS) in FY 2018-19

₹ 7,000 cr

GoI allocations for NRDWP in FY 2018-19

SUMMARY & ANALYSIS

- In FY 2018-19, GoI allocated ₹7,000 crore for NRDWP. This is a 1 per cent decrease from FY 2017-18, and a 24 per cent decrease from FY 2014-15.
- Release of funds by GoI to states as a proportion of its share has been high. In FY 2014-15, GoI released 105 per cent of its total share. This increased to 169 per cent in FY 2017-18. In FY 2018-19, by the end of the third quarter, 72 per cent of GoI's allocations for the year, had been released to states.
- Release of funds by states as a proportion of their share, however, has been low. In FY 2014-15, 74 per cent of state's share had been released by states. This decreased to 68 per cent in FY 2017-18. In FY 2018-19, states had released only half of their share by the end of the third quarter.
- Expenditure as a proportion of funds available has been steadily decreasing over the years. In FY 2014-15, 84 per cent of available funds were spent. This decreased to 72 per cent in FY 2017-18. In FY 2018-19, till 31 December 2018, 59 per cent of the total funds available for NRDWP had been spent.
- As on 31 December 2018, 79 per cent of rural habitations had been covered at 40 litres per capita per day (lpcd) but only 47 per cent at 55 lpcd.
- Till 6 January 2019, 18 per cent of rural households had been provided with Piped Water Supply (PWS) household connections.

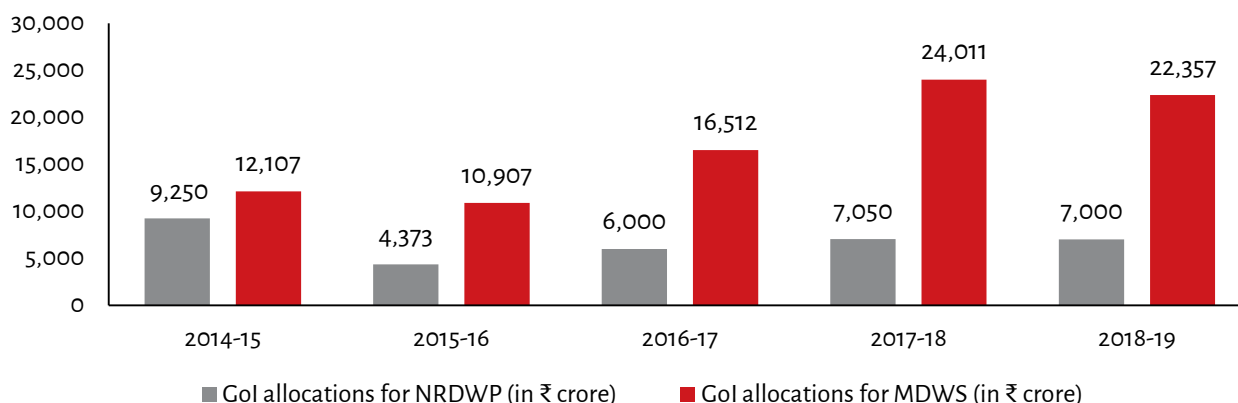
- In 2009, the Government of India (GoI) launched the National Rural Drinking Water Programme (NRDWP), by expanding the erstwhile Accelerated Rural Water Supply Programme (ARWSP). Falling under the ambit of the Ministry of Drinking Water and Sanitation (MDWS), the scheme aims to provide safe and adequate water for drinking, cooking and other domestic needs to every rural person, on a sustainable basis.
- In 2013, NRDWP guidelines were further updated to include Piped Water Supply (PWS) with a focus on increasing household tap connections and raising drinking water supply norms.
- In order to achieve these objectives, the MDWS Strategic Plan (2011-2017) had set the following timelines: -
 - Ensuring that at least 50 per cent of rural households are provided with PWS by 2017, and 90 per cent by 2022.
 - At least 35 per cent of rural households have access to PWS with a household connection by 2017, and 80 per cent households by 2020.
 - Reducing the use of public taps to less than 20 per cent by 2017 and less than 10 per cent by 2020.
 - Reducing the use of handpumps and other private water resources gradually to less than 45 per cent in 2017, and further to below 10 per cent by 2022.
 - Enabling rural drinking water sources to be fully managed by Panchayat Raj Institutions (PRI) and local communities.
- In November 2017, the Union Cabinet approved the restructuring and continuation of the scheme till FY 2019-20, co-terminus with the Fourteenth Finance Commission (FFC). The focus of the restructuring was to increase flexibility and sustainability and make the scheme more outcome-oriented and better monitored.

TRENDS IN GOI ALLOCATIONS

Allocations

- GoI allocations for NRDWP have been declining. In FY 2018-19, GoI allocated ₹7,000 crore for NRDWP. This was a 1 per cent decrease from the previous financial year and a 24 per cent decrease from FY 2014-15. Moreover, the share of NRDWP in total MDWS allocations has declined from 76 per cent in FY 2014-15 to 31 per cent in FY 2018-19.
- In November 2017, the Union Cabinet approved ₹23,050 crore for the scheme for the FFC period from FY 2017-18 to FY 2019-20. Till FY 2018-19, ₹14,050 crore had been allocated by GoI, which is 61 per cent of the approved amount.

1% DECLINE IN GOI ALLOCATIONS FOR NRDWP BETWEEN 2017-18 AND 2018-19



Source: Union Expenditure Budget, Vol. 2, Ministry of Drinking Water and Sanitation. Available online at: www.indiabudget.nic.in.

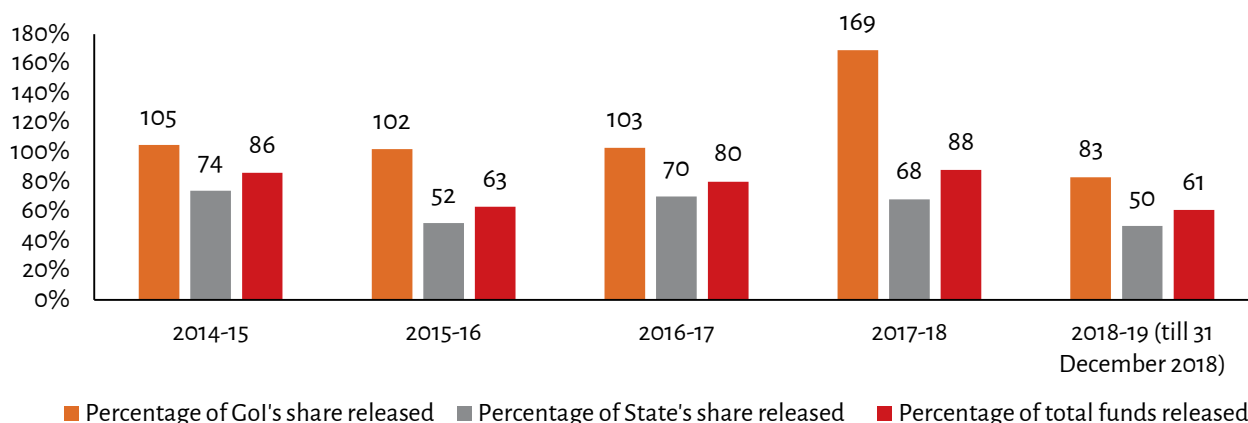
Note: All figures are in Rupees crore and are Revised Estimates (REs) except for FY 2018-19, which are Budget Estimates (BEs). Last accessed on 31 December 2018.

TRENDS IN STATE-WISE RELEASES AND EXPENDITURES

Releases

- Release of funds by GoI are based on Annual Approval Plans (AAPs) prepared by states detailing out activities to be taken in the rural drinking water sector and financial costs of the proposals. AAPs are to be submitted by the states to MDWS by January of each year through the online Integrated Management Information System (IMIS).
- Allocation of funds to states is done as per a formula taking into account rural population, proportion of Scheduled Castes and Scheduled Tribes, weightage given to special-category hill states, and drought-prone areas, amongst others. Further, to incentivise states to involve the PRIs in the planning, operation and management of drinking water supply schemes, a Management Devolution Index (MDI) has been formulated to measure the extent of devolution by states to the PRIs. Ten per cent of funds under NRDWP are kept on the basis of a state's MDI scores.
- Funds are released to states and Union Territories (UTs) in two instalments. The first instalment of 50 per cent of the annual allocation for a state is released at the beginning of the financial year after accounting for the unspent balance of the previous year. Release of the second instalment is conditional on utilisation of 60 per cent of the total funds available and fulfilling necessary criteria such as, submission of progress reports, specific proposal receipt, utilisation certificates (UCs), and an assurance certificate from the state that it will take up unfinished works on priority.
- Release of funds to states by GoI as a proportion of GoI's share has been high. In FY 2014-15, GoI released 105 per cent of its total share. This increased further to 169 per cent in FY 2017-18. In FY 2018-19, by the end of the third quarter, 83 per cent of GoI's share for the year, had been released to states.
- In contrast, release of funds by states as a proportion of their share has been low. In FY 2014-15, 74 per cent of the states shares had been released by states. This decreased to 68 per cent in FY 2017-18. In FY 2018-19, by the end of the third quarter, only half of the states shares had been released.

WHILE GOI RELEASED MORE THAN ITS ALLOCATED SHARE; RELEASE OF STATE SHARE HAS BEEN LOW ACROSS YEARS

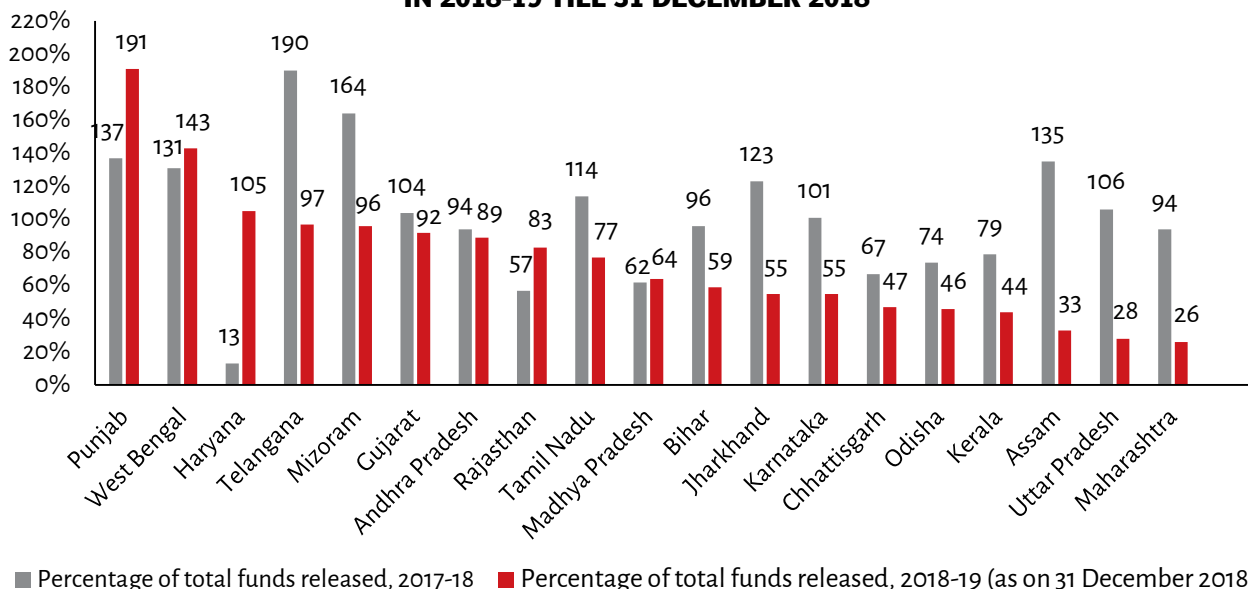


Source: NRDWP IMIS system: Financial progress, Format D1 Annual Allocations, Releases and Expenditure. Available at: https://indiawater.gov.in/IMISReports/Reports/Financial/rpt_RWS_StatewiseAllocationReleaseExpenditure_S.aspx?Rep=O&RP=Y. Last accessed at 31 December 2018.

- There are, however, significant state variations. In FY 2017-18, Punjab and West Bengal had received more than their total allocations (GoI and state share combined). The trend continues in FY 2018-19, and by the third quarter of the financial year, releases as a proportion of allocations was greater than 100 per cent in both states.
- In contrast, releases were low in Chhattisgarh and Madhya Pradesh. In FY 2017-18, both states had received less than 70 per cent of their allocations. In FY 2018-19, till the third quarter the states had received 47 per cent and 64 per cent, respectively.

- Releases in Haryana have seen a significant increase from 13 per cent of the total allocations in FY 2017-18 to over 100 per cent in FY 2018-19 till the end of the third quart. On the other hand, while Assam, Uttar Pradesh, and Maharashtra had received over 100 per cent of their allocations in FY 2017-18, releases were low at 33 per cent, 28 per cent and 26 per cent, respectively.

10 STATES AND UTS HAVE RECEIVED OVER 90% OF ALLOCATED FUNDS IN 2018-19 TILL 31 DECEMBER 2018

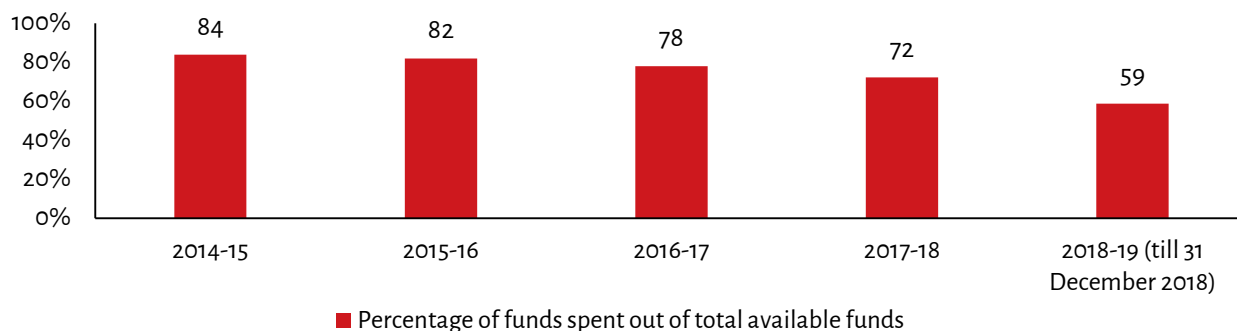


Source: NRDWP IMIS system: Financial progress, Format D1 Annual Allocations, Releases and Expenditure. Available at: https://indiawater.gov.in/IMISReports/Reports/Financial/rpt_RWS_StatewiseAllocationReleaseExpenditure_S.aspx?Rep=0&RP=Y. Last accessed at 31 December 2018.

Expenditures

- Total funds available in a given financial year include opening balances, funds released by both GoI and states and interest earned.
- Expenditure as a proportion of funds available has been steadily decreasing over the years. In FY 2014-15, 84 per cent of available funds were spent. This decreased to 72 per cent in FY 2017-18. In FY 2018-19 till 31 December 2018, 59 per cent of the total funds available for NRDWP had been spent.

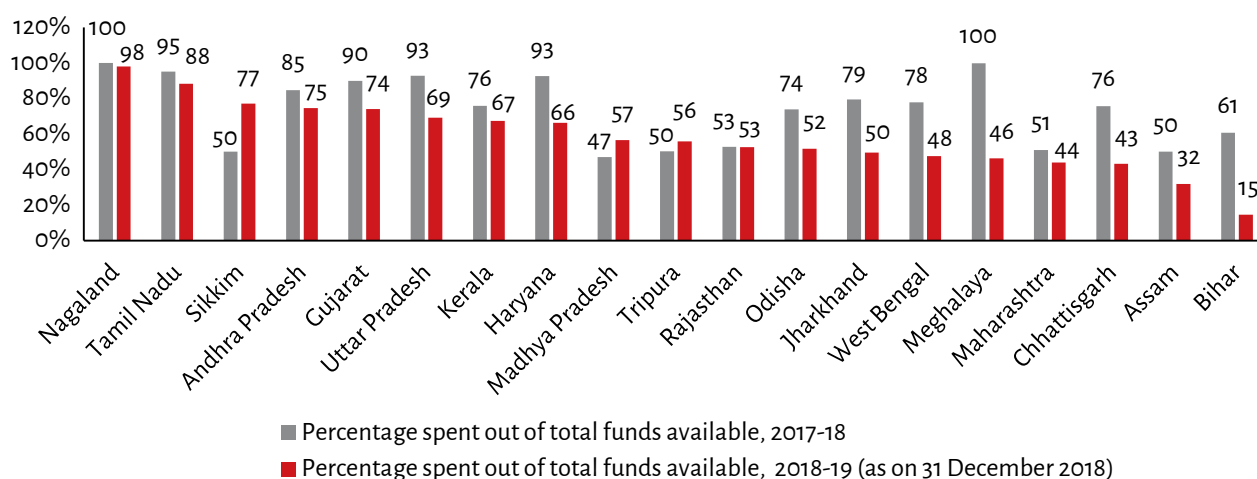
EXPENDITURE AS A PROPORTION OF FUNDS AVAILABLE HAS FALLEN FROM 84% IN 2014-15 TO 72% IN 2017-18



Source: NRDWP IMIS system: Financial progress, Format D1 Annual Allocations, Releases and Expenditure. Available at: https://indiawater.gov.in/IMISReports/Reports/Financial/rpt_RWS_StatewiseAllocationReleaseExpenditure_S.aspx?Rep=0&RP=Y. Last accessed at 31 December 2018.

- According to a report by the Comptroller Auditor General of India (CAG) in 2017, reasons for low utilisation were mainly due to delays in submission of proposals, late submission of UCs, and excessive time taken in implementing the scheme at the ground level.
- There are some state differences in expenditures. In FY 2017-18, expenditure as a share of funds available was high in Nagaland (100 per cent) and Tamil Nadu (95 per cent). In FY 2018-19, the trend continues, and both states had spent most of their funds available by the third quarter.
- In contrast, expenditure was low in Rajasthan (53 per cent), Maharashtra (51 per cent), Tripura (50 per cent), Assam (50 per cent), and Madhya Pradesh (47 per cent) in FY 2017-18. Till 31 December 2018, these states had spent less than 60 per cent of their funds available.
- Interestingly, while Assam had received over 100 per cent of its allocations in FY 2017-18, expenditure in the same year was 50 per cent. In FY 2018-19, despite only receiving 33 per cent of its allocations due till 31 December 2018, expenditure as a proportion of funds available remained low at 32 per cent. Similarly, while Bihar had received 96 per cent of its fund allocations in FY 2017-18 and 59 per cent in FY 2018-19, expenditure was just over 60 per cent in FY 2017-18 and only 15 per cent till the third quarter of FY 2018-19.

9 STATES AND UTS HAD ALREADY SPENT AT LEAST 75% OF THEIR FUNDS AVAILABLE IN 2018-19 TILL DECEMBER 2018



Source: NRDWP IMIS system: B1 Annual Allocations, Releases and Expenditure. Available at: https://indiawater.gov.in/IMISReports/Reports/Financial/rpt_RWS_StatewiseAllocationReleaseExpenditure_S.aspx. Last accessed on 31 December 2018.

TRENDS IN COMPONENT WISE ALLOCATIONS, RELEASE AND EXPENDITURES

- In order to meet the objectives related to water availability, sustainability and quality, funds for NRDWP have been divided into six main components. These are:-
 - **Coverage** for providing safe and adequate drinking water supply to uncovered, partially covered, and slipped back habitations,
 - **Operation and Maintenance (O&M)** for running, repair and replacement costs of drinking water supply projects,
 - **Water Quality** for providing safe drinking water to water quality affected habitations,
 - **Sustainability** for encouraging states to achieve drinking water security at the local level through sustainability of sources and systems,

- o **Support** for activities like Water and Sanitation Support Organisations (WSSO), District Water and Sanitation Mission (DWSM), Block Resource Centers (BRC), Information, Education and Communication (IEC), Human Resource Development (HRD), Management Information System (IMS), Computerisation and Research and Development, and
- o **Water Quality Monitoring and Surveillance (WQMS)** for monitoring and surveillance of water quality in habitations at the field level and for setting up, and upgrading laboratories at state, district and sub-district levels.
- It is envisaged that states allocate 47 per cent of their allocations to Coverage, 15 per cent to O&M, 20 per cent to Water Quality, 10 per cent for Sustainability, 5 per cent for Support activities and 3 per cent for WQMS.

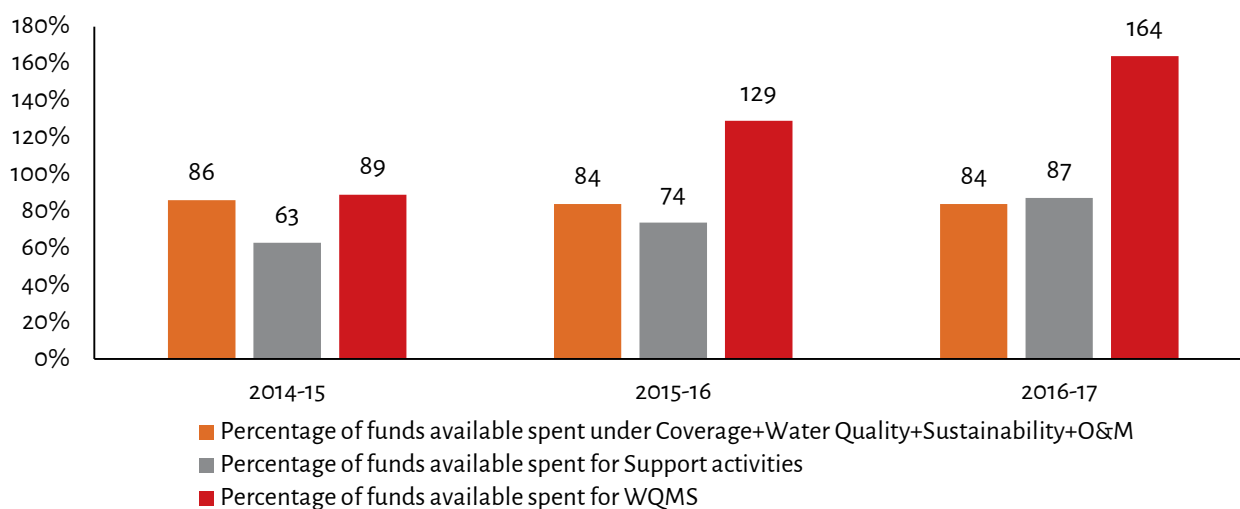
Releases

- For the first four components, funds are released by GoI under the Programme Fund. In addition, GoI releases funds for Support and WQMS, separately.
- The percentage of GoI funds released under Programme Fund have remained consistently high across years. In FY 2014-15, 105 per cent of the approved share was released, this decreased in FY 2016-17 to 85 per cent. In FY 2017-18, 13 per cent more than the approved share was released by GoI. In FY 2018-19, till 31 December 2018, 63 per cent of the approved share had been released.
- In contrast, release of funds for the Support and WQMS has been low and declining since FY 2015-16. In FY 2015-16, 87 per cent of GoI's share for Support, and 88 per cent for WQMS had been released. This decreased to 76 per cent and 72 per cent in FY 2016-17, respectively. Release of funds fell even further in FY 2017-18 and only 25 per cent of the approved share was released. In FY 2018-19, no funds had been released under either Support and WQMS activities, till the end of the third quarter.

Expenditures

- Expenditure performance for most components has been high. In FY 2014-15, 86 per cent of the Programme Fund was spent. This decreased to 84 per cent in FY 2016-17. Similarly, funds spent for Support Activities increased from 63 per cent to 87 per cent, and for WQMS from 64 per cent to 164 per cent.

IN 2016-17, 84% OF THE PROGRAMME FUND WAS SPENT; FOR SUPPORT ACTIVITIES AND WQMS IT WAS 87% AND 164%, RESPECTIVELY



Source: NRDWP IMIS system: D1 State wise Allocation, Release and Expenditure statement –For NRDWP components. Available at: https://indiawater.gov.in/IMISReports/Reports/Financial/rpt_RWS_StatewiseAllocationReleaseExpenditure_S.aspx. Last accessed on 31 December 2018..

- The CAG report also found that more than 85 per cent of the available funds were utilised by the states under Programme Fund in all states except Gujarat, Himachal Pradesh, Jharkhand, Punjab, and Rajasthan. Similarly, for Support activities, it was above 85 per cent in all states except Jammu and Kashmir, Madhya Pradesh, Rajasthan, Telangana, and Uttar Pradesh. For WQMS, only Karnataka, Madhya Pradesh, Meghalaya, Rajasthan, and Uttarakhand spent less than 85 per cent of their available funds

National Water Quality Sub-Mission

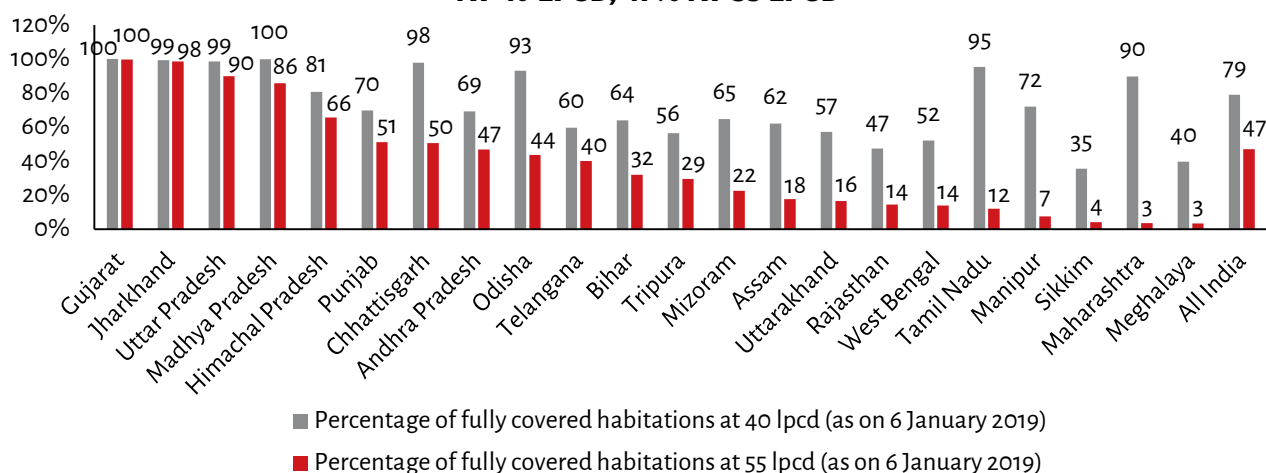
- In March 2017, MDWS started a new sub-programme under NRDWP known as the National Water Quality Sub-Mission (NWQSM). The sub-programme aims to address the urgent need for providing clean drinking water in already identified 28,000 Arsenic & Fluoride affected habitations. Between FY 2017-18 and FY 2020-21, it is estimated that GoI will provide ₹12,500 crore for the scheme. These funds will be taken from the water quality component of overall NRDWP allocations.
- Expenditures out of total available funds, however, have been low. In FY 2016-17, 48 per cent of the total available funds were spent. This decreased to 38 per cent in FY 2017-18. In FY 2018-19, less than 50 per cent had been spent till 31 December 2018.

TRENDS IN OUTPUTS AND OUTCOMES

Coverage

- Drinking water supply to rural habitations can be provided through handpumps, tubewells, borewells, etc. As per the 11th Five Year Plan (2007-2012), habitations were considered fully covered if they were provided a minimum of 40 liters per capita per day (lpcd). The 12th Five Year plan increased this to 55 lpcd.
- However, according to the recent performance audit by the CAG, released in March 2018, most states continue to treat habitations as fully covered if they receive 40 lpcd. Coverage as per both metrics are provided.
- Using the older norm of 40 lpcd, the percentage of fully covered rural habitations increased from 74 per cent in FY 2014-15 to 77 per cent in FY 2017-18. The proportions of fully covered rural habitations, however, decreases significantly when using the 55 lpcd norm. As per the revised norm, coverage was only 44 per cent in FY 2017-18, up marginally from 43 per cent in FY 2014-15.
- In FY 2018-19 till the end of the third quarter, 78 per cent of rural habitations had been fully covered at 40 lpcds and 47 per cent as per 55 lpcds.
- There are, however, significant state differences. In FY 2018-19, using 40 lpcd norm, 7 states and UTs had a coverage of over 80 per cent. This dropped to 3 states and UTs using the 55 lpcd norm.
- Coverage was high in Gujarat, Jharkhand, Madhya Pradesh, and Uttar Pradesh using either norm. In contrast, coverage was less than half in Rajasthan (47 per cent), Karnataka (37 per cent) Sikkim (35 per cent), and Kerala (28 per cent) even using the 40 lpcd norm.
- While coverage was high in Tamil Nadu and Maharashtra as per the 40 lpcd norm, it dropped by 83 percentage points in Tamil Nadu to 12 per cent and 87 percentage points in Maharashtra to 3 per cent, using the 55 lpcd norm.

AS ON 6 JANUARY 2019, 78% OF RURAL HABITATIONS WERE FULLY COVERED AT 40 LPCD, 47% AT 55 LPCD

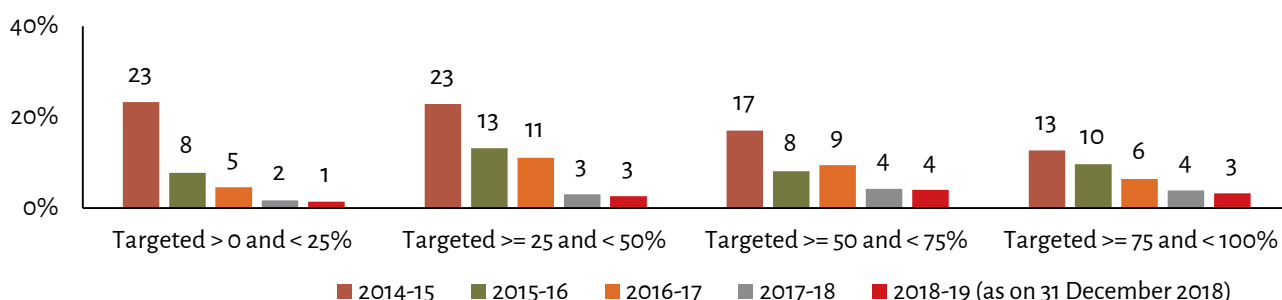


Source: NRDWP IMIS system: Format 1 – Target and Achievement of Habitation. Available at: https://indiawater.gov.in/IMISReports/Reports/Physical/rpt_RWS_TargetAchievement_S.aspx. Last accessed on 6 January 2019.

Prioritisation

- As per the guidelines, priority is to be given to habitations with lower proportions of the population having access to adequate safe drinking water.
- Over the years, however, targeting of habitations with less than 25 per cent of the population having access to adequate safe drinking water has been falling. In FY 2014-15, for instance, 23 per cent of habitations with less than 25 per cent of the population having access to safe drinking water were targeted, the highest proportion amongst all categories.
- By FY 2017-18, however, only 2 per cent of habitations targeted fell in this category, compared to 4 per cent in the categories with over 50 per cent of habitations already having access to safe drinking water.

TARGETING OF HABITATIONS FALLING IN THE CATEGORY <25% OF POPULATION WHICH DID NOT HAVE ACCESS TO ADEQUATE AND SAFE DRINKING WATER HAS BEEN FALLING



Source: NRDWP IMIS system: Format 1 – Coverage of Habitation. Available at: https://indiawater.gov.in/IMISReports/Reports/Physical/rpt_RWS_Coverage_S.aspx. Last accessed on 31 December 2018.

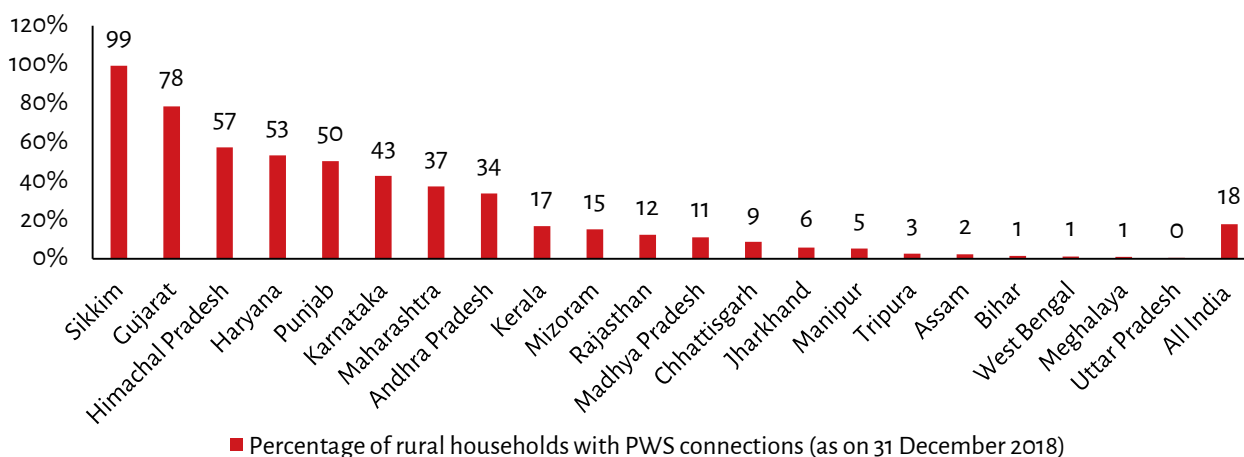
Piped Water Supply schemes

- In 2013, GoI had set out a target of ensuring that at least 35 per cent of rural households should have a PWS with a household connection by 2017 to be increased to 80 per cent by 2022.
- Coverage of PWS schemes has been low. As on 6 January 2019, 18 per cent of rural households were covered by PWS household connections. States with the highest coverage were, Sikkim (99 per cent), Gujarat (78 per cent), Himachal

Pradesh (57 per cent), and Haryana (44 per cent). On the other hand, states such as Uttar Pradesh, Meghalaya, West Bengal, and Bihar had covered less than 2 per cent of their rural households with PWS connections.

- Gol guidelines call for reduction in dependence on ground water and a shift to surface water sources, to reduce pressure on ground water extraction and ensure sustained availability of safe drinking water. Dependence of PWS schemes on ground water, however, remains high. Between April 2014 and 31 December 2018, 86 per cent of all PWS schemes continued to be based on ground water.

TILL 31 DECEMBER 2018, ONLY 18% OF RURAL HOUSEHOLDS HAD PWS CONNECTIONS

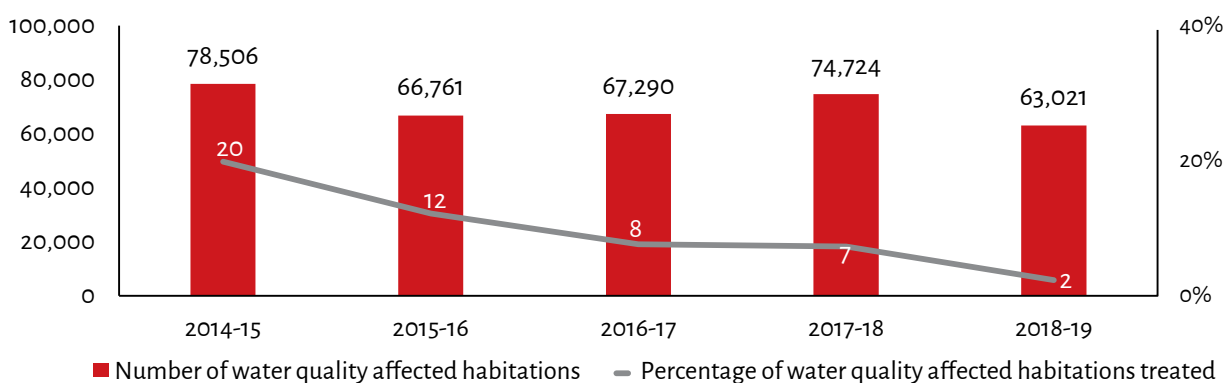


Source: NRDWP IMIS system: Format C36 – No. of individual households with PWS connections. Available at: https://indiawater.gov.in/IMISReports/Reports/Physical/rpt_CoverageIndividualHousePipConnection.aspx?Rep=0&RP=Y. Last accessed on 6 January 2019.

Quality Affected

- Between FY 2014-15 and FY 2016-17, the percentage of quality affected habitations decreased from 78,506 to 67,290. However, it increased again by 11 per cent between FY 2016-17 and FY 2017-18. In FY 2018-19, till December 2018, 61,549 habitations remained quality affected.
- Gol guidelines on NRDWP stipulate that priority should be given to quality affected habitations while finalising the state AAPs. There has, however, been a decline in the proportion of water quality affected households targeted in a given year. In FY 2014-15, 29 per cent of the water quality affected households were targeted, and 20 per cent of total water quality affected households were treated. In FY 2017-18, however, of the 74,724 water quality affected habitations identified in the country, only 7 per cent were targeted and treated.

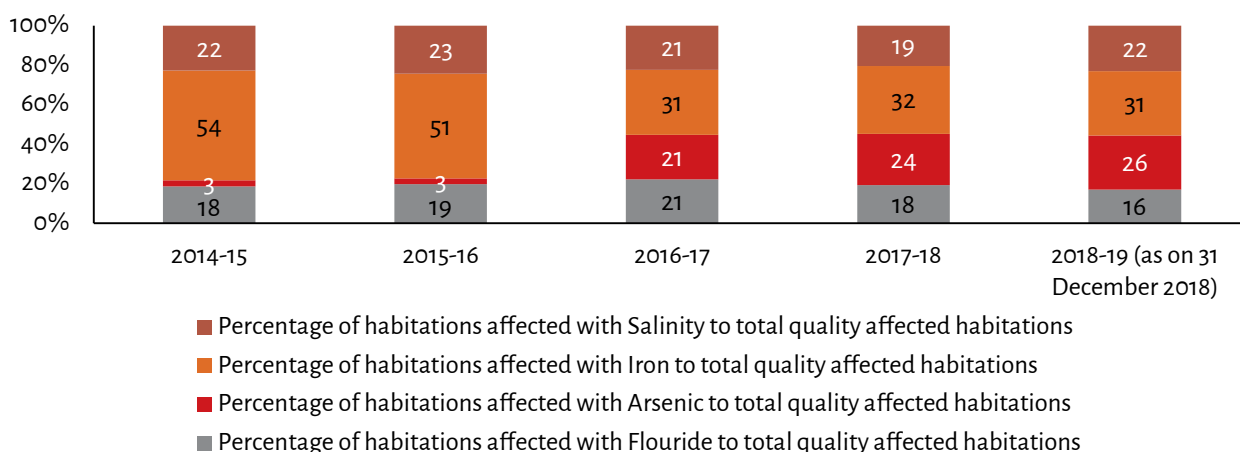
IN 2017-18, ONLY 7% OF THE WATER QUALITY AFFECTED HABITATIONS WERE TREATED



Source: NRDWP IMIS system: Format 1 – Target and Achievement of Habitation. Available at: https://indiawater.gov.in/IMISReports/Reports/Physical/rpt_RWS_TargetAchievement_S.aspx. Last accessed on 31 December 2018.

- Water is defined as safe if it is within the permissible limits of chemical contamination such as Flouride, Arsenic, Iron, Nitrates, and Salinity. The permissible limits for each of these chemicals as referred by Gol are, Flouride 1.5 mg/l, Arsenic 0.05 mg/l, Iron 0.30 mg/l, and Salinity (TDS) 2000 mg/l.
- There are differences in the types of contamination. Out of 74,724 quality affected rural habitations in FY 2017-18, 93 per cent were affected with major chemical contamination of Arsenic (24 per cent), Fluoride (18 per cent), Iron (32 per cent), and Salinity (19 per cent).
- Between FY 2014-15 and FY 2018-19 till 31 December 2018, the number of habitations affected by iron decreased from 54 per cent to 31 per cent.
- During the same period, however, the proportion of households affected with Arsenic increased from 23 per cent to 26 per cent.

AS ON 31 DECEMBER 2018, 31% OF HABITATIONS WERE AFFECTED WITH IRON, WHILE 22% OF HABITATIONS WERE AFFECTED WITH ARSENIC



Source: NRDWP IMIS system: Format 1 – Target and Achievement of Habitation. Available at: https://indiawater.gov.in/IMISReports/Reports/Physical/rpt_RWS_TargetAchievment_S.aspx. Last accessed on 31 December 2018.

Note: Contamination due to Nitrate is low and has not been included in the graph and thus, the percentages do not add up to 100.

Sustainability

- A habitation even after being fully covered in one year can “slip-back” to partially covered or quality affected due to several reasons. As per the MDWS Annual Report 2016-17, common causes include, excessive extraction of ground water, inadequate efforts to address water-quality, lack of sustainability of water resources, and poor maintenance of water supply schemes.
- In FY 2016-17, 8,544 (31 per cent) habitations had slipped back from fully covered to partially covered. Similarly, 2,461 (33 per cent) habitations had slipped back from being fully covered to quality affected.