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## **Requiring Indian Utilities to Report: Harnessing Disclosure Legislation to Improve Water and Sanitation Services**

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Legislation to Improve Water and Sanitation Services\***

*Premila Nazareth Satyanand*

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### **Abstract**

By contrasting the reporting requirements of the Indian Water and Sanitation Utilities with other international experiences, this paper calls attention to the information vacuum that pervades Urban WatSan Utility sector in India. The lack of benchmarking of key performance and service quality indicators leads to poor planning and management of the utilities and the sector, and the absence of reports in the public domain on service quality leaves the citizen groups, even when severely inconvenienced by poor services, with little knowledge of the specific causes of the failures and hence of particular ways in which they could apply external pressures.

To address these problems, the paper argues for a regular public reporting of key performance indicators by the WatSan utilities in India. It elaborates on how the policy behind these reforms could be operationalized. Fortunately, the beginnings of the legal and administrative framework within which these reforms can be taken up in India are already in place. The 'Right to Information Act' (RTI) and the 'Jawaharlal Nehru National Urban Renewal Mission' (JNNURM) – both introduced in 2005 – present an unparalleled opportunity to establish an ongoing system of mandatory public reporting and citizens' engagement by Indian water and sanitation utilities. However, if the RTI and the JNNURM were to serve this purpose, some key issues relating to scope and enforceability would need to be addressed. The paper identifies these issues and suggests practical ways in which they can be addressed. It also argues for and suggests relevant, clear and concise indicators for maximum impact.

**Introduction:**

Over the past decade, more and more developed and developing countries have begun to require urban water and sanitation utilities to regularly provide a public account of how they are performing against statutory service standards. This form of mandatory reporting (on a variety of financial, operational, service-quality and customer responsiveness indicators) is the primary tool by which regulators in these countries measure and compel improvements in water utility performance and financial efficiency<sup>1</sup>, and publicly report on service quality and improvements every year.<sup>2</sup> More recently, regulators have also begun to require utilities to report on ‘resource efficiency’: that is, the efficiency with which they draw, distribute, treat and recycle water so as to minimize the impact on the local watershed.<sup>3</sup>

In India, by contrast, this form of public ‘performance reporting’ is completely missing. And this is due to some major lacunae in the management of India’s urban water and sanitation sector. One is the fundamental structural flaw in the management of the Indian public sector in general, but particularly in that of urban water and sanitation utilities. This is that existing accountability mechanisms are primarily internal: with reporting only up the administrative hierarchy, rather than externally to the public they serve. As per current administrative requirements, Indian WatSan utilities are only required to report annually to municipal and state governments. Moreover, they are only required to collect and report information on budget, spending, and infrastructure development. Indian WatSan utilities are

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<sup>1</sup> Although OFWAT, the United Kingdom’s water regulator, required utilities to report on a multitude on service quality and financial parameters, it now closely tracks seven ‘quality service’ indicators to impel utilities to improve their performance on these. These seven indicators are: 1) Properties subject to inadequate pressure 2) Unplanned supply interruptions (of 12 hours or more) 3) Sewer flooding incidents 4) Billing contacts not responded to within 5 working days 5) Written complaints not responded to within ten working days 6) Bills not based on meter readings 7) Telephone calls not answered within 30 seconds.

<sup>2</sup> Using utility-reported data, OFWAT publishes its annual “Levels of service for the water industry in England and Wales” report. It also reports on utilities’ performance on these indicators for the previous fifteen years, rating each as ‘Above Average’, ‘Average’, ‘Below Average’, or ‘Needs Improvement’.

<sup>3</sup> We see this particularly in water-short Australia, where regulatory efforts now focus on compelling improvements in water efficiency, conservation, and re-use.

currently under no obligation to report on service quality, operational efficiency, and performance, even internally, up the administrative hierarchy.

The other structural flaw is that the municipal and state governments receiving budget, spending and infrastructure development data are under no regulatory obligation to share it with the public, and so rarely do.

These two issues combine to completely undermine public accountability in Indian WatSan utilities. Internal accountability works best when supplemented by an external pressure to perform and be accountable. In the absence of publicly available reports on service quality, spending, and performance, citizens, although severely inconvenienced by poor service delivery, have little understanding of the reasons for this situation, and hence of the specific manner in which they might exert pressure on the utilities to improve performance. Equally, in the absence of such information, policy-makers and WatSan managers themselves, have a limited understanding of these issues.

Most worrying, though, is that in the absence of a regulatory requirement to report on performance, utilities and sectoral policy-makers are failing to measure, record and analyse operational data that is crucial to understanding the quality, reach and efficiency of delivery at the local level. Needless to say, this is seriously hampering Indian WatSan sector performance, whether at the utility, sectoral, or natural resource management level.

It also undermines policy-makers' ability to assess the real investment needs of the WatSan sector at municipal, regional and national levels. Agglomeration and analysis of service and performance information (whether by sector regulators, policy-makers, utility managers, or civil society groups) creates a detailed 'map' of utility assets and on-the-ground service levels and performance. Such a 'map' is as essential to utilities and policy-makers in assessing and improving sector performance, as it is to citizens in understanding the reasons behind specific service

delivery shortcomings and in pressuring for targeted investments/operational modifications.

In the absence of such an asset and performance 'map', there is also no common understanding of what service levels can and should be across a variety of indicators.

To reiterate, there is a major information vacuum in the Indian urban water and sanitation sector: the absence of *relevant, reliable* and *regular* information for performance benchmarking, and hence to guide improvement, and the lack of disclosure of such information, which could serve as basis for public accountability. Situating this vacuum in the World Development Report 2004 framework for accountability in service provision, the WatSan sector in India suffers from serious failures in accountability relationships, namely in *compact* between the policy makers and providers, and in *voice* between the citizens and providers. Problems with compact lead to inefficiencies in policy formulation, and poor service delivery by utility providers due to lack of rational expectations and performance benchmarking. Problems with voice undermine the crucial role played by direct citizen engagement with service providers to both provide feedback and monitor service provision.

By contrast, in countries in which utilities and municipal/ state governments are required to regularly report on service levels, there is a natural pressure on both sets of stakeholders to continually enhance performance to build credibility with the public, policy makers, financiers, etc. To address the problems with the Indian UWSS, therefore, it is vital that they too be encouraged to continually collect this essential data, and regularly report it to all stakeholders. In addition the reporting indicators need to be simple and impactful – so that utilities can comply, and citizens comprehend and act upon reported data. In terms of the WDR 2004 framework for accountability in service provision, doing this will at once address both the *compact* and *voice* elements of accountability relationships in the sector,

enabling both citizens and policymakers to better hold utilities to account. At the same time this will also facilitate the development of more holistic, efficient, and sustainable solutions to current service shortcomings.

By contrasting the reporting requirements of the Indian Water and Sanitation Utilities with other international experiences, this paper argues for a regular public reporting of key performance indicators by the WatSan utilities in India. It then elaborates on how the policy behind these reforms could be operationalized, arguing for and suggesting relevant, clear and concise indicators for maximum impact, and further that such reporting has to be mandatory in order to ensure compliance.

Fortunately, the beginnings of the legal and administrative framework within which these reforms can be taken up in India are already in place. The 'Right to Information Act' (RTI) and the 'Jawaharlal Nehru National Urban Renewal Mission' (JNNURM) – both introduced in 2005 – present an unparalleled opportunity to establish an ongoing system of mandatory public reporting and citizens' engagement by Indian water and sanitation utilities. While the RTI, which is already in force, compels all government agencies (including water and sanitation service utilities) to pro-actively report on a number of organizational and decision-making issues to the public, the JNNURM is requiring the enactment of a Municipal Disclosure Law that would bind all municipal governments to publicly release audited quarterly accounts and report on service levels for the first time in India.

However, if the RTI and the JNNURM were to serve as the regulatory foundation for an institutionalized system of public reporting and citizens' engagement in the Indian urban water and sanitation sector<sup>4</sup>, some key issues relating to scope and enforceability would need to be addressed. The paper identifies these issues with JNNURM as well as RTI, and suggests practical ways in which they can be addressed,

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<sup>4</sup> Section 4 b, Provisions iv and xvii, of the *Right to Information Act*, and Part 2, Provision 2, of the *Municipal Disclosure Law* provide the regulatory window in which to do this.



in order for reliable and relevant indicators to be regularly measured and unfailingly reported.

### **Section I: The Indian UWSS Information Vacuum:**

The 74<sup>th</sup> Amendment to the Indian Constitution<sup>5</sup> put municipal governments in charge of delivering water and sanitation services within their jurisdictions<sup>6</sup>. To undertake this task, most municipal governments have established dedicated in-house water and sanitation departments, which are thus bound by the same municipal laws as their parents.<sup>7</sup> However, in many municipalities, state-level water and sanitation parastatals continue to build and maintain infrastructure and to provide service. (A combination of factors is responsible for this situation, including the incomplete application of the 74<sup>th</sup> Amendment, insufficient local capacity, and continued municipal dependence on state financing). Additionally, a handful of India's largest cities – such as Delhi, Bangalore, Chennai and Hyderabad – have spun off their municipal water and sanitation department into autonomous 'boards'.

Almost universally, the state and municipal laws governing these three sets of actors within the Indian urban water and sanitation sector do not require them to 'give an account of performance' or consult with the public<sup>8</sup>. Since these actors are financed primarily from state and central funds, they are mandatorily required to report only to higher tiers of government on budgets, spending, and resulting infrastructure development. Municipal Governments, for example, are legally required to submit their *Annual Municipal Budget* to the District Commissioner/State Government for

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<sup>5</sup> The Indian Parliament enacted the 74<sup>th</sup> Amendment in 1992.

<sup>6</sup> To domestic, commercial and industrial users.

<sup>7</sup> A handful of cities, such as Delhi, Chennai, Bangalore and Hyderabad, have spun off their water and sanitation departments into autonomous Water and Sewerage Boards. Independent water boards are regulated by the municipal acts by which they were set up.

<sup>8</sup> While a handful of more forward-looking municipalities are now beginning to release budget and other details in the press, these instances are few and far between.

approval. They are also supposed to submit an annual *Administrative Report*<sup>9</sup>, which provides a general account of municipal finance and performance for the previous year. Since these reports are not integral to the disbursement of state funds to municipalities, they now tend to lag by an average of four to five years. This inward-facing, budget- and spending-centred pattern of reporting also characterizes the manner in which India's water and sanitation parastatals and boards operate. Since these entities continue to rely on administrative clearances and financing from higher tiers of government, they need only to transmit operational information 'upward' to access the necessary operational resources.

*No measurement of performance or service quality* – Moreover, governmental funding to these three sets of actors is determined by central/ state plans and programs, and has not been conditional on service performance. Thus, governments have felt little compulsion to require municipal water and sanitation departments, boards and parastatals to collect and report data on service quality, financial and operational efficiency, and customer satisfaction, much less to mandate them to share this with the public. For instance, while many utilities report on the number of new households or the percentage of the population connected, they fail to disclose how many of these connections are indeed performing – in terms of per capita delivery, hours of supply, or water quality. As a result, only a few utilities are able to provide even a limited set of performance statistics.

The absence of information makes it difficult for citizens and policy-makers to determine the extent to which minimum service/ quality norms are being met, and how operational efficiencies might be improved. Similarly, it is not possible to undertake a comprehensive assessment of sector and utility performance, as other developing countries – such as Brazil – are now actively doing. (See Box 1 below).

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<sup>9</sup> The practice of the 'Administrative Report' dates back to the British era, in which it served as the annual report for each municipality. Now, neither municipal nor state Governments accord the priority that was intended to this report, since it is not essential to the budgeting process or to the other administrative challenges they confront.

**Box 1: Brazil's National System of Information on Water, Sanitation and Solid Waste**

Brazil uses the *Sistema Nacional de Informacoes Sobre Saneamento* (SNIS)<sup>10</sup> – or the National System of Information on Water, Sanitation and Solid Waste – as a primary instrument by which to measure and evaluate the performance of its water and sanitation sector<sup>11</sup>. Established in 1995, the SNIS collects data on 77 operational, financial and quality indicators from 26 of Brazil's regional and 260 of its municipal waters supply and sanitation service providers<sup>12</sup>. Although it initially began as a voluntary initiative, Brazil's ministry of urban affairs now requires utilities to report on certain of these indicators, as a pre-condition to obtain funding. Chile, Argentina, and Colombia have also established similar national systems of water and sanitation information, the SNIS is the largest in Latin America<sup>13</sup>.

More importantly, the SNIS integrally informs Brazilian (national and state) planning, policy making, and resource allocation in the sector by providing a detailed comparative overview of utility performance and emerging best practice. It also supports the development of more comprehensive performance evaluation methods in the sector, and supports accompanying regulatory activity. The SNIS is used widely by Brazil's federal, state and municipal governments; national and international financial institutions; utilities; regulatory bodies, the private sector; universities and research institutes.

As mentioned, the SNIS provides comparative information on utilities on 77 key indicators. It also presents historical information (starting from 1995). This enables a user to identify trends in, for instance, the development of costs, or the need to prescribe new standards for performance and standards. This information is available to any member of the public for free on the SNIS website. The SNIS secretariat also publishes a publicly-available yearbook with annual WSS data and analysis, a booklet with data analysis, and a CD encompassing data analysis from the whole period.

All participating utilities report their data directly into a specially-created SNIS software, called Coleta, which has standardized the reporting format and makes and simplifies the process of data collection and analysis to improve consistency<sup>14</sup>. Additionally, SNIS sends a preliminary version of each year's report to utilities for comment, who have 30 days to respond. SNIS is currently grappling to improve the quality of data, voluntarily supplied by service providers).

Malaysia, Thailand, Indonesia, the Philippines, and the United Kingdom, among others, also have similar national systems of performance benchmarking that underpin UWSS sector management efforts.

Empowering consumers with financial, performance, and customer satisfaction information would be one of the most effective ways by which to create accountability pressures on India's monopolistic water and sanitation service

<sup>10</sup> [www.snis.gov.br](http://www.snis.gov.br)

<sup>11</sup> SNIS began to collect data on water and sanitation indicators in 1995, and on solid waste indicators in 2002.

<sup>12</sup> 2002 figures. These utilities cover 91.8% of Brazil's urban population and 74.3% of its municipalities. According to estimates, there are 1,500 – 1,700 municipalities in Brazil.

<sup>13</sup> In Europe, the United Kingdom has a similar system.

<sup>14</sup> As soon as utilities start to fill electronic forms, the software starts the consistency analysis according to past data and to parameters for the sector. After SNIS receive information, a team of consultants undertake another consistency analysis.

providers. More importantly, in the absence of a regulator to monitor utility performance and enforce service standards, it is essential to put a range of credible performance and service quality information into the public domain. Public opinion can be a powerful trigger for operational improvements.

### **Current reporting practices in the Indian UWSS sector**

Recognizing the need to be more open and accountable to customers, many of India's water and sanitation utilities have already begun to make a wider range of information available to the public in their annual reports, Websites, and citizens' charters. An examination of the websites of the water and sanitation utilities in India's largest metropolises<sup>15</sup> indicates some of the specific issues on which they are attempting to share information with the public. These include:

- Terms of service
- Generation and distribution of water supply – the lists of plants, reservoirs and boosting.
- Water treatment – the number of samples collected, target dates by which to bring pollution down to specified levels.
- The construction of infrastructure in slums – by target population and target time.

However, while this effort is commendable, the information that Indian utilities are sharing with the public still falls far short of the practical management needs within the Indian UWSS sector, as also of international best practice. These issues are discussed in more detail below.

Currently, three broad types of information – operational, financial, and health and environmental – are available within the sector.

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<sup>15</sup> Delhi, Mumbai, Chennai, Bangalore, Hyderabad, Kolkata, Ahmedabad

***Operational data***

Since India's water and sanitation service providers assign staff to key inlet (water source, treatment plants, distribution valves) and outlet points (sewers, sewage treatment plants, and effluent discharge locations), operational data is collected at each of these points. However, there is no standard or formal reporting procedure by which field level staff is to relay this to utility management on a routine basis<sup>16</sup>. As a result, only broadly agglomerated data is passed on to the municipal Water Supply and Sanitation Department, which further compresses this data for the municipal City Engineer, who relays a weekly or monthly report to the Municipal Commissioner.

Indian utilities and parastatals also report from time to time to the Central Public Health Engineering Organisation (CPHEO). This is the technical wing within the national Ministry of Urban Development overseeing the technical and physical aspects of water supply and sanitation service in India. The CPHEEO establishes technical norms that utilities are required to meet in expanding the piped network and servicing consumers. However, while the CPHEEO maintains an oversight of the extent to which these standards are being met<sup>17</sup>, it neither collects nor disseminates any data on the extent to which these standards are being met in practice. In other words, while it ensures compliance on the width of specific pipes or pressure at source, it does not require utilities to report to it on the extent to which consumers are actually receiving the per litre supply that the CPHEEO has mandated.

Resultantly, much operational data is 'lost' or does not support detailed, historical analysis.<sup>18</sup> Moreover, there is no data on zone- or household-level performance.

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<sup>16</sup> Operational information is generally only related to utility management in times of crisis, such as flooding, drought, or service disruptions.

<sup>17</sup> CPHEO supply norms are 150 lpcd for metro cities with sewerage; 135 lpcd in other cities with sewerage; and 70 lpcd in all cities/ towns without sewerage.

<sup>18</sup> 'Redesigning Governance', Ravikant Joshi.

These shortcomings are further complicated by poor metering, and the fact that most municipalities are not computerized. For this reason, most Indian utilities do not themselves have accurate data on the number of households they are servicing, how much water they supply to each, how much water they are losing through leakages, how effectively the delivery network is performing, and so on. (This issue is discussed in detail in *Section 4 – Operationalising Reporting: The Practical Challenges*).

By contrast, most overseas utilities now regularly report accurate data on the following indicators:

- *Service coverage* – The percentage of the population in the utility’s jurisdiction with access to water services, either with a household connection or within reach of a public water point
- *Water consumption and production* – The total volume of water supplied to the system in terms of litres per person per day, m<sup>3</sup> per connection per month, and the total and average volume of water consumed (further categorized by major customer category – eg residential, industrial, institutional, etc).
- *Non-revenue water* – The difference between water supplied and water sold, and the volume of water ‘lost’ per km of distribution network and by connection per day.
- *Metering practices* – The total number and percentage of connections with operating meters, and the volume/ percentage of total supplied water that is metered.
- *Network performance* – The total number of pipe breaks, expressed as breaks per km per year.

***Financial***

Since, as mentioned earlier, budget and spending currently forms the basis for reporting practices in the sector, data on governmental allocations and spending is available at the municipal and state level. However, there are a number of limitations in this information, which makes it difficult for policy-makers and citizen to accurately assess how much each utility is spending and how efficiently it is performing. Briefly, these include:

- *Varied actors* – Since municipal departments, parastatals, and autonomous water boards, each with their own budgets and financial reporting requirements, are variously responsible for delivering service, constructing and maintaining infrastructure, it is difficult to track allocations and spending.
- *No separation of municipal water and sanitation spending* – Most municipal governments do not isolate water and sanitation allocations/ expenditures into a separate budget. These services are thus accounted for, along with health and solid waste management, under the broad head of ‘basic urban services’.
- *Varied sources of finance* – Although municipal water supply and sanitation departments rely primarily on state government financing for infrastructure development, operations and maintenance, they also use tariff revenues to defray more minor costs. Since these revenues are ploughed back at the local level, they sometimes fail to get reflected in state Government accounts. Since many municipalities also present aggregate capital summaries (not broken into individual heads of expenditure), they fail to separately report the loans that they may have raised from private sources.
- *Outdated accounting practices* – Many municipal governments also continue to use old-fashioned accounting and budgeting practices that do not adequately

reflect the value of assets or the actual cost of providing services. While many states are modernizing municipal accounting practices, this effort is still at an early stage.

In contrast, all utilities in developed countries – and an increasing number in developing countries – now collect and report data on each of the following indicators.

- *Billings and collection* – Total revenue recovered as a percentage of operating costs (categorized by major customer category); the ratio of residential to industrial tariff and the average collection ratio between these two categories; the average time taken to collect bills.
- *Financial performance* – Operating cost coverage (that is, total annual operating revenues divided by total annual operating costs); debt service ratio.
- *Costs and staffing* – Total annual operating costs as a percentage of the total value of water produced and sold each year. Also, the total number of staff per connection and per population served. Additionally, labour, electricity, and outsourced service costs as a percentage of total annual operating costs.
- *Assets* – The value of gross fixed assets per service population.

### ***Health and environmental***

*Drinking water quality* – Urban water supply and sanitation service providers are also to adhere to the drinking water quality and sewage treatment norms, set by the



Indian Standards Institute and the Central Pollution Control Board (CPCB)<sup>19</sup>. Smaller municipalities test drinking water samples in State Pollution Control Board (SPCB) laboratories, while larger municipalities do so in their own facilities. By and large, testing is infrequent and few municipalities have institutionalized systems for ongoing drinking water quality monitoring. Moreover, although municipalities are to provide a detailed public account of the mineral and bacterial content of water samples<sup>20</sup>, most only classify these as ‘potable’ and ‘non-potable’ – if at all.

*Sewage treatment standards* – Additionally, while SPCBs are to monitor the quality of treated wastewater discharge, they not mandated to publicly report on the quality of wastewater issuing from specific plants, or on the action they have taken against violators.<sup>21</sup>

In both cases, it is CPCB – not municipal governments – that is charged with reporting drinking and source water quality information to the public. It does this through its Water Quality Status Year Book and its Website. However, given the effort involved in putting together this publication, reported water quality information is often two to three years old.

Contrast this with the immediacy and level of detail by which United States citizens are kept abreast of water quality and enforcement activity at a local and national level. (See Box 2).

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<sup>19</sup> For a description of the CPCB’s drinking water standards, please visit its website at [www.cpcb.nic.in/classi.htm](http://www.cpcb.nic.in/classi.htm) .

<sup>20</sup> As per the ISI/ CPCB standards

<sup>21</sup> The Indian Water Act empowers the CPCB/SPCB to levy a cess on polluters. According to Dr Ravikant Joshi, a municipal expert, the cess is levied primarily as a way to raise revenue rather than to protect the environment.

**Box 2: Public reporting on water quality and enforcement**

The United States Environmental Protection Agency (EPA) requires all water systems<sup>22</sup> to provide their customers with annual drinking water quality reports, known as Consumer Confidence Reports (CCRs)<sup>23</sup>. All utilities are legally required to ensure that all customers receive a CCR by 1 July of every year. While CCRs are normally mailed to citizens along with their water bills, smaller suppliers (servicing less than 10,000 people) are also permitted to make CCRs available via newspapers or the Internet.

Broadly, all CCRs require water suppliers to provide the following information to customers<sup>24</sup>:

- from which lake, river, aquifer, or other water body the drinking water is sourced;
- how susceptible this source is to contamination;<sup>25</sup>
- the level (or range of levels) of any contaminant found in local drinking water, as well as EPA's health-based standard (maximum contaminant level) for comparison<sup>26</sup>;
- the potential health effect of any contaminant;
- what steps the water supplier has taken to restore drinking water safety;
- the water supplier's compliance with other drinking water-related rules;
- an educational statement for vulnerable populations, as also information on nitrate, arsenic, or lead in areas where these contaminant may be a concern;
- phone numbers of additional sources of information, including the water system and EPA's Safe Drinking Water Hotline

The Safe Drinking Water Act<sup>27</sup> has also established citizen advisory committees to help State Government implement source water assessment activities and allocate funds for drinking water infrastructure improvements. USEPA also undertakes nationwide telephone surveys<sup>28</sup> from time to time to assess the level of public knowledge about drinking water quality and public confidence with information sources, and how these might be improved.

*Enforcement* – USEPA also reports regularly to the public<sup>29</sup> on the action it has taken against entities that violate the health and environmental standards it has set for water supply and sanitation. All USEPA offices issue press releases on the judicial action they undertaken. These releases are aggregated on a national and regional level, into annual (and sometimes quarterly) reports on the Agency's enforcement efforts, and the new trends and challenges it highlights. USEPA actively distributes this information through press conferences, briefings, print and television media, at both the local and national levels.

<sup>22</sup> As defined by the Environmental Protection Agency, "community water systems are public water systems that have at least 15 service connections or regularly serve at least 25 year-round residents."

<sup>23</sup> The legal basis for the requirement to publicly report on water quality and local environmental information is provided by the public 'right-to-know' provisions in the Environmental Protection Agency's 1996 Amendments to the Safe Drinking Water Act. The specific reporting requirements contained in Consumer Confidence Reports' were developed in consultation with water suppliers, environmental groups, and State Governments. According to the EPA website, some 53,000 water systems report annually on water quality to some 273 million Americans.

<sup>24</sup> As per the terms of the Safe Drinking Water Act, individual states are also free to set their own reporting requirements after public notice and comment, as long as certain baselines are adhered to that enable comparability across reports. Both the Environmental Protection Agency and State Government concerned have the authority to penalise water suppliers that do not comply with the CCRs' reporting requirement.

<sup>25</sup> Individual States' own source water assessments form the basis for this evaluation.

<sup>26</sup> Water suppliers are also to brief consumers on how they may obtain a copy of the State Government's complete source water assessment of the state's water system.

<sup>27</sup> The 1996 Amendments to the Act emphasis public participation in the protection and delivery of safe drinking water

<sup>28</sup> It has commissioned the Gallup Organisation for this purpose

***Customer care and complaint handling***

While, as explained above, Indian utilities do collect and report some operational, financial and health/ environmental data – however rudimentary – there is as yet a complete absence of measurement and reportage on the customer care and responsiveness aspects of service delivery. While many utilities are making efforts to enhance their accountability to the public, as yet these only centre around the introduction of ‘Citizens’ Charters’ and rationalised complaint-handling mechanisms. In neither case are utilities making the effort to evaluate and publicly report on the extent to which they have better service delivery and customer convenience through these two mechanisms.

*Citizens’ Charters* – Citizens’ charters, which are currently the most popular method of citizen outreach by utilities,<sup>30</sup> commit utilities to improved levels of service and complaint handling. Charters are fairly similar across the country and provide information on the following issues:

- the services that the utility provides;
- the rights guaranteed to customers;
- the process by which applications for new connections are to be submitted and activated;
- application charges;
- the tariff structure for different consumer categories;
- the mode of payment and payment collection centre details;
- grievance redressal mechanisms;
- the speed with which individual types of complaints are to be attended to;

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<sup>29</sup> As per its Policy on Publicising Enforcement Activities, 1988

<sup>30</sup> This is part of a broader effort at governance improvement as per the requirements of the Department of Administrative Reforms and Public Grievances, Government of India, in which all central, state and municipal agencies have introduced citizens’ charters. Currently, 767 public agencies in India have issues citizens’ charters.

- customer obligations, and
- contact details of divisional and zonal officials.

Larger municipalities/ water departments present this information on their websites, while smaller ones do so in the form of a booklet. While the detail contained in Citizen Charters is commendable, they have been of little practical use to citizens in guaranteeing improved service.

There are two primary reasons for this situation. Firstly, an overwhelming number of Charters still fail to publicly commit the municipality/ water board to specific levels of service. They generally only list the services delivered by the agency, providing no detail on the 'level of service' that each customer category is to receive. Thus, it is difficult for citizens and policy-makers to hold the service agency accountable for the 'levels of service' to which it has committed – and to examine the specific factors for service shortfalls, if they exist. Contrast this with the level of detail to which utilities in the United Kingdom (See Box 4) and in the Australia (See Box 5) are held responsible for service commitments.

**Box 4: Holding utilities responsible for service shortcomings**

All the United Kingdom's water and sanitation utilities operate on the basis of detailed 5-year license agreements with OFWAT, the country's regulator in this sector. These licenses are available to the public on the OFWAT website. They clearly enunciate each utility's jurisdiction, the levels of service it has agreed to deliver, the tariffs it is allowed to charge, the manner/ frequency by which it will bill customers, the speed by which it will respond to customer needs and complaints, and the procedures it will follow in dealing with customers that have not paid their bills. Each license also outlines the service shortcomings that will become a basis for termination.

Utilities are also required to, once a year, declare to OFWAT the level of service they will provide for the following year, and to explain shortcomings between target and actual service levels for the previous year. Additionally, OFWAT asks each utility to prepare an 'action plan' outlining the actions they will take to address these gaps and actively monitors their implementation.

In 1989, OFWAT passed the Guaranteed Standards Scheme which binds utilities to minimum standards of service to customers. Utilities failing to meet these are required to make a specified payment to the affected customer/customers and, in fact, some companies voluntarily pay more than the minimum amount required to win favor with customers. (For instance, companies have to pay 20 Pounds for failing to keep an appointment). Additionally, OFWAT imposes stringent financial penalties on companies that misreport data.

**Box 5: Australia's Compliance Audit Framework**

In Australia, utility performance is actively benchmarked against service commitments through the practice of 'compliance auditing'.

Australia's Utilities Act (2000) binds water and wastewater utilities to report annually on whether they are complying with the terms of their operating licenses and delivering the services they have committed. To this end, the Independent Compliance and Regulatory Commission, which regulates all utilities in the Australian Capital Territory of Canberra, has clearly defined the performance standards against which all licensees must perform. Utilities report their performance to ICRC, which then examines the extent to which they are meeting these commitments, so that it may take the necessary corrective action. It also issues an annual compliance report which briefs the public on their utilities' performance against the targets set for them. Going a step further, in 2006 ICRC introduced the Compliance Audit Framework. It audits utilities' internal policies and procedures to see how they may be improved to enhance compliance with mandated performance standards and the quality of reported data.

Additionally, there is little effort to measure service delivery and complaint handling against the promises made in the Citizens' Charter. In other words, while utilities may have – for instance – committed to resolving certain types of complaints within 24 hours and others within 3 days, they are not tracking whether these targets are being met. Not surprisingly, complaint handling has as yet not improved in the manner intended by the Citizens' Charter.

The Jamshedpur Utility and Services Company's (JUSCO) strategic evaluation of the speed of complaint handling (See Box 6) presents an interesting ideal that other Indian utilities might consider emulating in improving customer service.

**Box 6: Using complaints to measure and improve service**

The Jamshedpur Utility and Services Company (JUSCO) was set up by Tata Steel in 2003 to improve basic urban services to Jamshedpur, its flagship township. JUSCO operates on the basis of a stringent service agreement with Tata Steel that includes rapid improvements in grievance handling and service quality.

JUSCO has thus set up a single window, 24x7, online complaint cell. Any customer registering a complaint with this window is given an individual *Service Level Guarantee (SLG)* – viz. the time it will take JUSCO staff to redress the problem. The employee assigned to the complaint is given a job card, which also records the SLG. Complainants are asked to sign off on the job card when the complaint is

addressed, thus indicating *Service Level Performance (SLP)* or the time it took to do so. JUSCO actively measures the *SLG:SLP* ratio – that is, the percentage of complaints that were solved within the time committed. It also measures the *Service Gap* – that is, the percentage of complaints that could not be solved within the *SLG*, and the average delay. Additionally, by constantly seeking feedback from customers, it is able to measure *Service Level Expectation*, that is, the complaint redressal turnaround that customers consider to be reasonable. JUSCO actively uses these indicators to find lasting solutions to common problems, improve service quality, and to bring service levels closer to customer expectations.

*No reporting on actual service levels* – As the preceding review makes clear, no Indian utility is yet reporting holistically on service levels. Even in the rare instances in which a utility has attempted to do this (See Annexure 1 for a description of the Hyderabad Metropolitan Water Supply and Sewerage Board's efforts), the initiative is a one-off occurrence and not an ongoing process. Performance and service level information thus pertains to just one or two years, and is out of date. Additionally, the quantity and quality of information is variable, determined by the utility's convenience and its interpretation of consumer needs/ interests.

Targeted legislation might thus be required to utilities to present service and performance information on an ongoing basis, to introduce both continuity and uniformity in public reporting by Indian water and sanitation utilities. Also important is that citizens are integrally involved in the process by which reporting standards are set. Rather than introduce new legislation for this purpose, two recent developments – the Right to Information Act and the Jawaharlal Nehru National Urban Renewal Mission's proposed Municipal Disclosure Law – present a pre-existing regulatory framework into which to insert publicly-agreed standards for public reporting by Indian utilities. While the Right to Information Act would require the insertion of these standards at the national level, in the JNNURM they would be done on a state-by-state basis. The following section discusses each of these frameworks and the opportunities they present.

## **Section 2: Filling the Vacuum: India's New National Disclosure Frameworks**

### **2a) Right to Information Act**

Passed by the Indian Parliament in May 2005<sup>31</sup>, the Right to Information Act (RTI) compels all government agencies and public service providers to share operational and financial information with the public. Most importantly, the RTI seeks to ensure that citizens have enough information to understand and participate in the processes by which government agencies reach decisions on the policy decisions, investments, and development programs that pertain to them.

The RTI thus obliges government agencies/ public services providers to share information in two ways: firstly, on demand from citizens and, secondly, on a *suo moto* basis.

#### *Responding to citizens' demand for information*

The RTI empowers Indian citizens to demand, inspect, and obtain:

- Information pertaining to any government department<sup>32</sup>;
- Photocopies of government contracts, payment, estimates, measurements of engineering works, etc;
- Samples of the material used in the construction of roads, drains, buildings, etc;
- Public development work that may still be under construction or completed
- Government documents – construction drawings, record books and registers, etc
- Status of action on citizen requests or complaints.

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<sup>31</sup> However, the Right to Information Act only became operational on 12 October 2005.

<sup>32</sup> A government agency includes any central or state government, panchayati raj institution, and other organizations and institutions (including NGOs) that are established, constituted, owned, controlled or substantially financed, directly or indirectly, by the state or central government. (*Source: RTI Primer*)

Citizens are to file their RTI requests with the Public Information Officer (PIO) of the government agency from which they are seeking the information/ right to inspect.<sup>33</sup> They are to submit the request in a prescribed written format<sup>34</sup> and to pay the required application fee.<sup>35</sup> PIOs are legally bound to supply the requested information (or explain why it cannot be provided) within 30 days<sup>36</sup>. PIOs that fail to do so are liable to pay a penalty of Rs 250 per day, subject to a maximum of Rs 25,000. Additionally, PIOs that *mala fide* deny a request; give incorrect, incomplete or misleading information; or destroy requested information can be disciplined by the Information Commission.

While citizens throughout the country have been using the RTI to access information on urban water and sanitation service and investments (see Box 7), operational and bureaucratic difficulties impede many of their efforts.

**Box 7: Using the RTI to access water- and sanitation- related information**

Citizens throughout the country have filed a variety of RTI requests in an effort to understand the reasons for poor service, proposed tariff increases, and the decision to initiate particular projects and contracts.

Some have demanded to see the duty timings and attendance registers of errant water and sanitation department officials; others have asked for the schedule of works, technical drawings, and project completion certificates for non-functioning water supply and sanitation infrastructure. Some have asked for an explanation of the tariffs they are required to pay, while others have demanded copies of the documents pertaining to new projects, investments, and repair/ construction contracts. In some cases, citizens have successfully obtained the information they have requested, but in many others they have not.

Among the factors hampering the operation of the RTI on the ground are the absence or non-cooperation of Public Information Officers; inordinately high application fees; the rejection of applications not submitted in the prescribed format. Many State Information Commissions, charged with enforcing the RTI, are still not functional, which enables government agencies to shirk in their response to citizen requests.

Often, the requested information is not available since municipal water supply and sanitation

<sup>33</sup> Assistant Public Information Officers (APIOs) receive information requests received at the sub-district level (as also appeals against the decisions of the PIOs) and forward these to the appropriate authorities.

<sup>34</sup> Nonetheless, PIOs are required to assist illiterate applicants to commute their request into writing.

<sup>35</sup> State Governments levy their own sets of fees. All fees are waived for requests received from individuals certified to be below the poverty line.

<sup>36</sup> Information regarding the life or liberty of an individual has to be provided within 48 hours. Assistant Public Information Officers are given thirty-five days in which to respond.



departments, parastatals and water boards have not collected or recorded the necessary operational and service quality data.

*Pro-active disclosure* – To save citizens the difficulty of constantly requesting information, the RTI<sup>37</sup> requires every government agency to pro-actively or *suo moto* report to the public on 17 items. Agencies were to have begun publishing this information by March 2006.<sup>38</sup> The items for pro-active disclosure are an agency's:<sup>39</sup>

- 1) functions, duties, and structure,
- 2) staff's duties and powers,
- 3) decision-making and accountability processes,
- 4) service terms and standards,
- 5) staff regulations and service manuals,
- 6) official documentation (by individual category and type),
- 7) arrangements for consulting with the public,
- 8) boards, councils, committees, and other advisory panels (and whether their deliberations are open to the public),
- 9) directory of officers/ employees,
- 10) salary payments to each staff member and salary regulations,
- 11) budgets (separated by individual department, and providing an account of all plans and expenditures),
- 12) subsidy programs,
- 13) concessions, permits or authorizations to outside parties,
- 14) electronically-held information,
- 15) library/ reading facilities (and the timings during which) citizens may peruse documents of interest, and
- 16) list of Public Information Officers, and
- 17) "such other information as may be prescribed".

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<sup>37</sup> Chapter II, Section 4.1

<sup>38</sup> That is, "within 120 days" from the RTI's enactment in mid-October 2005.

<sup>39</sup> For the relevant extract from the Act, please refer to Annex 1.

*Provision 17: the window of opportunity* – Provision 17 of the RTI – which binds public agencies to publish “such other information as may be prescribed; and thereafter update these publications every year” – presents the regulatory window on which to build a system of mandatory public reporting by urban water and sanitation service providers. Doing so, however, will necessitate the development of a specific set of reporting and performance-measurement standards that providers should be legally compelled to use in tandem with Provision 17. In the absence of such a harmonized set of indicators, there is a great danger that service providers may – yet again – not collect or report the information necessary to improve performance and accountability.

Only 15 of the 17 items for ‘pro-active disclosure’ will entail reporting on issues relating to the internal functioning and organization of a water and sanitation utility, board or parastatal. Only Provision 4, which compels reporting on the norms set for discharge of functions relates to performance in any way. Thus, even were a delivery agency to comply completely with the RTI suo moto reporting requirements, the resulting information would not provide a citizen or policy maker with a clear understanding of how well an individual utility is functioning, how effectively it is serving its clients, and how quickly it is expanding service. In other words, a citizen seeking insights into why his/her water supply is repeatedly disrupted will gain little from knowing the salary levels of utility staff or the hours during which its library and reading rooms are open.

*Limitation: no penalty for non-compliance* – However, the Act does not specifically prescribe penalties for non-compliance with its ‘pro-active’ reporting requirements.<sup>40</sup> Thus, as of December 2006, few government agencies were actively disclosing the information they are supposed to. (See Box 8).

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<sup>40</sup> This is why civil society and ‘right to information’ activists have begun to press for a ‘Duty to Publish’ law that would mandate all public agencies to publish such information.

**Box 8: Pro-active disclosure off to a shaky start**

In November 2006, the Central Information Commission commissioned a survey<sup>41</sup> of 30 municipal agencies in Delhi, Chennai, Hyderabad, Bangalore, Kolkata, and Mumbai to assess their compliance with the RTI's pro-active disclosure requirements. It found that these agencies, providing municipal, public health, bus transport, water supply and sanitation services, were disclosing an average of just 29% of the information that they were supposed to. Two-thirds do not disclose their budgets; 85% provide no information about the licenses, permits and authorizations they issue; and virtually none<sup>42</sup> report on subsidies. While Delhi's municipal agencies are the most RTI compliant, they nonetheless release just 65% of the information required.

When this data is disaggregated to look specifically at water and sanitation utilities, average compliance is just 36% for water and 32% for sanitation.<sup>43</sup> The Delhi Jal Board is the most RTI-compliant of all the public agencies *and* water and sanitation utilities, surveyed. However, under Provision 17 it has disclosed only the details of employee welfare schemes, the status of arbitrations in which it is involved, and issues relating to the management of its staff quarters.<sup>44</sup>

It might thus be necessary to institute some form of incentive for service providers that choose to comply, or punishment for those that do not.

*Recourse to the Information Commissions* – Fortunately, the Act presents a solution to this difficulty in Chapter V<sup>45</sup>, which describes the powers and functions of the State and Central Information Commissions. (See Box 9).

**Box 9: The State and Central Information Commissions**

The Act creates an entire implementation/ adjudication machinery to ensure that government agencies respond properly to citizens' requests for information. Citizens dissatisfied with the response they have received to their RTI application may appeal to recourse, first, to the State Information Commission in the state where they reside. If this appeal is unsuccessful, they can appeal to the Central Information Commission at the national level. The Act grants these commissions the same powers (to hear cases, summon witnesses, call for and consider documents/ evidence, make judgements) as any civil court.

<sup>41</sup> *Duty to Publish Index: Report Card on RTI Compliance of 6 Metros*, Centre for Civil Society, New Delhi, November 2006. (Available on the Centre's website: [www.ccsindia/dtp/DTPI-metros-summary.pdf](http://www.ccsindia/dtp/DTPI-metros-summary.pdf)). The Centre for Civil Society was commissioned by the Information Commission of India to take stock of the level to which government agencies across the country are complying with the Right to Information Act.

<sup>42</sup> 98%

<sup>43</sup> The Delhi Jal Board and the Municipal Corporation of Delhi are the most RTI-compliant, reporting on 89% and 76% respectively of the items for pro-active disclosure.

<sup>44</sup> The National Campaign for the People's Right to Information, which drafted the RTI, suggests that government agencies should, every quarter, disclose under Provision 17 the nature of the information that is being requested under RTI applications in the previous quarters.

<sup>45</sup> Please see Annexure for the operative provisions of Chapter V of the RTI.

Section 19.8 of the Act empowers both the Central and individual State Information Commissions to require public authorities to “take such steps as may be necessary to secure compliance with the provisions of the Act,” including “providing access to information, if so requested, in a particular form”, “publishing certain information or categories of information” and “making necessary changes to its practices in relation to the maintenance, management of records.” All information commissions are all vested with the power to call for an annual report from the public authority concerned on its compliance with the Act’s pro-active disclosure requirements.

Most importantly, the decisions of these commissions “shall be binding.” (Section 19.7), and they are empowered to “impose any of the penalties provided under (the) Act”. (Section 19.8.c) Additionally, they can “require the public authority to compensate the complainant for any loss or other detriment suffered” and appoint a special ‘Information Officer’ to ensure that the public authority indeed reports the necessary information – in the manner, form and frequency required.

In other words, although the ‘pro-active’ disclosure provisions of the Act may not have sufficient ‘teeth’ or definition by which to ensure reporting on service and performance by utilities, citizens can call on the State or Central Information Commission to do so. This process could be set in to motion at a single-city level – with a citizen or civil society group filing an RTI request for information on municipal performance against various UWSS performance indicators. (For a suggested listing of indicators, please see Annexure). Should this request not be responded to effectively, the RTI applicant might refer the request to the State Information Commission, who could then order the municipal government to regularly report the information in the manner requested in the application.

More effective and far-reaching, however, is for civil society groups and policy-makers within individual states to pro-actively agree on a common set of UWSS public reporting requirements. The State Information Commissions could then be

called upon to rule that all municipal governments within their respective jurisdictions report on these indicators, with a penalty for non-compliance. (Since water and sanitation service is constitutionally a 'state subject', it may not be legally possible to have the Central Information Commission rule on this subject).

This is likely to be a protracted process, requiring extensive consensus-building within each state. It is worth the effort, however, since the State Information Commission's ruling on this score would bind all municipal and parastatal UWSS service agencies within its jurisdiction.

## **2b) Jawaharlal Nehru National Urban Renewal Mission**

Another window of opportunity is provided by the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), launched in December 2005. The mission – administered by the national Ministry of Urban Development – will spend US\$10 billion to modernise governance, services and infrastructure in 63 of India's primary urban areas<sup>46</sup> over the next seven years. Cities that access JNNURM funding are, in particular, to institute municipal reforms intended to bring transparency and popular participation into the design and oversight of basic services. They are also to collect user charges to cover O&M costs, and adopt modern accrual-based, double entry accounting.

The JNNURM also encompasses a 'second tier' scheme in which all other Indian cities and towns are eligible for urban infrastructure development funding: 50% of which is provided by the national and 50% by the respective state government. In this scheme, known as the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)<sup>47</sup>, it is state governments that are responsible for releasing funds to qualifying cities/ projects. However, all states/ cities receiving

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<sup>46</sup> Participating cities and states are to match this amount through their own independently-raised state and municipal funding.

<sup>47</sup> The UIDSSMT subsumes the prior-standing Integrated Development of Small and Medium Towns (IDSMT) and Accelerated Urban Water Supply Programme (AUWSP) schemes.

UIDSSMT funding will also be bound to enact the same municipal and urban governance reforms as those accessing finance under the JNNURM.

*The Municipal Disclosure Law* – The primary instrument by which the JNNURM aims to create transparency and accountability in municipal governance is the Municipal Disclosure Bill. While most provisions of the bill are the same as the RTI's pro-active disclosure requirement, it goes beyond these to require municipal reporting on financial and service performance *for the first time*.

All states accessing JNNURM funds are required to enact this bill into law, as per the schedule they have committed to with the Ministry of Urban Development. To assist this process, the Ministry has circulated a draft bill to all states for consideration.<sup>48</sup>

If enacted in its current form, the bill would bind municipal governments to:

- publish audited financial balance sheets every quarter;
- report on the service levels for each of the services its undertakes;
- maintain, duly catalogue, and publish its records, as also details of the municipality;
- report on municipal revenues and governmental grants, as also the specific budget it has allocated to each ward under its jurisdiction;
- publish the details of all plans, proposed and actual expenditures relating to its major services and activities;
- publish the details of all the subsidies it provides and the processes by which it identifies beneficiaries;
- report on all concessions, permits or authorizations; and
- publish details of all decision-making and advisory committees, and whether these are accessible to the public.

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<sup>48</sup> Since India's constitution bars the central Government from legislating on municipal issues, it has to rely on state Governments to enact the Model Municipal Disclosure Bill into law.

The bill also binds municipal governments to make this information widely available in the vernacular, Hindi and English press; on the Internet; on municipal and ward office notice-boards; and via the other means that state Governments prescribe.

While State Governments and participating cities have committed to enacting this bill into law, they do have the freedom to modify its provisions. It is thus particularly important for Indian citizens and civil society to protect those provisions they feel are essential to improved governance and service delivery.

It is also imperative to flesh out the provision that municipal agencies report on service levels by defining reporting parameters in key services, particularly in water. Given the urgency of improved water and sanitation service not only to urban India, it is essential to quickly develop reporting indicators that water utilities are required to comply with.

The JNNURM itself accords priority to investments in water supply and sanitation, particularly for the poor. Four of the nine types of 'urban governance and infrastructure' projects eligible for JNNURM funding relate to water supply, sewerage, drainage, and the preservation of water bodies.<sup>49</sup> Since water supply and sanitation projects account for a significant portion of the program's first-year allocations, the Ministry of Urban Development – which is responsible for implementing and overseeing the JNNURM – is especially keen to ensure the efficiency of these investments and to track the progress toward 'universal service provision' and enhanced cost recovery. From the perspective of water utilities, this will require the institution of new ways of collecting, analyzing and reporting operational, financial and service-related data. (See Box 10 below).

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<sup>49</sup> The other five admissible project categories are the redevelopment of inner (old) city areas (urban renewal), urban transport, parking lots, development of heritage areas, prevention and rehabilitation of soil erosion.

**Box 10: Measuring utility performance**

The Ministry of Urban Development is attempting to develop benchmarks by which to measure evolving water supply and sanitation service levels in the 63 JNNURM and other UIDSSMT cities. To this end, it is planning to require their municipal governments to report on a series of service and performance indicators. The Ministry will then analyse this data to compare and rank utility performance, as also to construct a macro-picture of service levels across the country. It will also institute rewards for 'high performers'. The Ministry is currently in the process of developing these indicators.

Once these indicators are developed, they could serve as the basis for 'pro-active' RTI disclosure by utilities in non-JNNURM cities.

*Community Participation Law* – In a related effort, the JNNURM is also seeking to give citizens more control and oversight over urban basic service provision. States accessing JNNURM funds are to enact a Community Participation Law that effectively reduces the smallest unit of governance to the 'area sabha'<sup>50</sup> or neighborhood council, and that clearly distinguishes their role from that of municipal governments and ward committees. (See Annexure 4 for a description of proposed municipality, ward committee, and area sabha functions). State Governments are currently considering the draft Community Participation Bill circulated to them by the Ministry of Urban Development for enactment.<sup>51</sup>

Once states enact their Community Participation Laws, area sabhas will become responsible for monitoring service quality and initiating local-level service infrastructure investment and planning decisions. If community control and oversight are to truly enhance utility performance and accountability, citizens must be provided access to real-time operational and financial information on an ongoing basis through an institutionalized system of public reporting on key indicators. At the same time, formalized community participation in service measurement, will enable the collection of household and micro-level data that utilities find difficult to collect.

<sup>50</sup> Currently, the smallest unit of urban governance is the Ward, which represents and serves an average of 200,000 people. In contrast, the Area Sabha will contain an average of just 1,000 to 1,500 people.

<sup>51</sup> See Annexure 3 for a text of this bill.



**Disclosure via the RTI or JNNURM? Opportunities and challenges**

While both the RTI and the JNNURM provide a strong legal foundation on which to build a system of public reporting in the Indian UWSS sector, each offers its own unique set of strengths and limitations.

*RTI: Opportunities and challenges*

- *Already in force* – Enacted by the Indian Parliament in 2005, the RTI is a law that is already in force.
- *National coverage* – The RTI binds every public service agency (including municipal governments, water and sanitation boards, and parastatals) all over the country.
- *Service and performance* – The RTI's pro-active disclosure requirements do not require government agencies to report on service and performance, but centre on creating public accountability in governmental decision-making and procurement.
- *No 'duty to publish'* – While the RTI will bind both utilities and parastatal agencies throughout the country, it fails to specifically mandate punishment for governmental agencies that do not meet its pro-active disclosure requirements. However, it is possible to strategically employ certain RTI provisions jointly to compel UWSS utilities and parastatals to pro-actively report on key service and performance indicators, and to institute penalties for non-compliance.

*JNNURM: Opportunities and challenges*

- *Applicability* – While the Municipal Disclosure Law is binding, it would only cover utilities in those cities that currently qualify for JNNURM and UIDSSMT<sup>52</sup> funding.
- *Service and performance* – Although the Municipal Disclosure Law binds municipal governments to report on service-levels and financial performance, it does not prescribe what the reporting parameters and indicators should be.
- *Financial leverage* – The JNNURM is a multi-year scheme, in which the Ministry of Urban Development releases funds only as states/ cities meet specific urban governance reform targets. This conditionality creates a strong financial lever by which to nudge states/ cities to ensure that municipal governments comply with UWSS public reporting requirements. This same leverage can be exerted by state Governments in the case of the UIDSSMT.
- *Parastatals* – The Municipal Disclosure Law will not subsume water and sanitation parastatal agencies that continue to play an important role in service delivery at the local level.

### **Section 3: What information should Indian utilities report to the public?**

If Indian utilities are to report to the public on a regular basis, what information is it most essential to capture? In other words, which indicators are likely to deliver the greatest immediate returns in triggering service and investment efficiency, while

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<sup>52</sup> The Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) is a sister program to the JNNURM. While 63 of India's largest cities qualify for JNNURM funding, which is disbursed through the central Ministry of Urban Development; all small towns and cities are eligible to apply for UIDSSMT funding, which is disbursed by state Governments.

also being simple enough for utilities to comply with effectively? Since mandatory public reporting is likely to entail some costs and operational modifications for both utilities and policy-makers, it is essential to institute a system that is practicable and easily monitored right from the beginning. As utilities develop the capacity to measure and report on a wider and more sophisticated range of parameters, their reporting requirements can be scaled up.

To trigger generalized discussion about the specific parameters that Indian utilities should be required to report on, a suggested set of ‘first cut’ indicators is contained in Annexure 5.

***Coverage and service levels*** – First, and foremost, public reporting should capture the information necessary to effectively answer the question, “To what extent are utilities failing to service customers in their jurisdiction, and what resources or new operational practices are required for them to do so?” These indicators should constitute the basic building block for disclosure in the sector, since they are also the primary service parameters that most Indian utilities are failing to meet. Thus, utilities must be required to report on:

- service coverage (both in terms of the percentage of population with direct access to, as also within physical reach of the network),
- supply volume (that is, litres per capita per day), and
- number of hours of supply.

In this context, it is essential that reporting be based on *accurate* measurement and not on estimates and extrapolations, as often occurs in existing intra-utility or intra-governmental reporting on water and sanitation issues. Utilities’ insufficient attention to ensuring data accuracy on levels of service and on future demand has been a key factor in their inability to adequately administer and extend service.

It is also vital to ensure that utilities begin to go beyond a single city-wide statistic on coverage to provide an increasingly 'granular' picture that disaggregates coverage and service levels by zone and by income category.<sup>53</sup> Such disaggregation is necessary to take stock of the level to which the poor are being served and the rapidity with which unconnected slum households are being provided access to water and sanitation. Utilities should also report the information necessary for citizens and policy-makers to understand why unconnected households remain so. Have such households not applied for or not been eligible for connections, and why? Has the piped network not yet reached them and why? Utilities must also report on the actions that they are taking to remedy this situation, and present a detailed schedule of proposed network expansions and household connections.

***Costs and financial efficiency*** – Public reporting should also be used to develop an understanding of the per unit financial and operational cost of delivering water and sanitation service within each city or town. In this context, it is also important to apprise citizens of the cost of extending the network to unconnected households and of tapping new water sources, where necessary. In the absence of such information, the public is largely unaware of the extent to which water and sanitation service is subsidized in India, and how this contributes to poor service. (Please see Box 11). They have thus tended to resist service improvement efforts hinging on more realistic tariffs.

**Box 11: Designing subsidies better...**

In India, state governments – rather water utilities – set urban water tariffs. They have tended to keep domestic water tariffs at an average of one-tenth what it costs the utility to treat, transport, and deliver water, to remain popular with their electorates. Thus, while the average cost of water production and supply across the country is Rs 15 per kilolitre, the average tariff is just Rs 1.50.<sup>54</sup>

<sup>53</sup> Many developing country utilities now record service levels even at the individual household level through a combination of metering/billing data and GIS mapping. Even though they are not required to publicly report this data, it is easily accessible to citizens, utility managers and policy-makers.

<sup>54</sup> Usha Raghupati

State governments underwrite this largesse, spending some US\$1.1 billion<sup>55</sup> to subsidize urban water utilities every year: which is equal to some 4% of all government subsidies and 0.5 % of GDP.

However, much of this money is spent on salaries<sup>56</sup>, so utilities have little left to invest in maintenance and in extending the network to the poor. More importantly, continual state government hand-outs have weakened utilities' need to ensure costs recovery, track spending, control costs, and increase financial and operational efficiencies. Ironically, the urban poor – most of whom do not have household connections – are not benefiting from tariff subsidies, which accrue primarily to connected upper and middle class families. They would derive greater benefit from subsidies that reduce their cost of connecting to the network.

For this reason, it is crucial to institute reporting indicators to present a detailed picture of how individual utilities finance specific activities, including the amount to which they are subsidizing various categories of consumers. This must be supplemented with a realistic understanding of the extent to which individual utilities are able to collect revenues and use them to defray costs, including an account of the efficacy of metering, billing and collection.

Physical assets are also an integral element within a utility's cost and efficiency scenario. Utilities must thus regularly provide an account of the water sources, pumping stations, water treatment plants, etc that they own and the efficiency with which they operate. It is also important that they ensure that network maps are easily available to citizens that wish to see them. (Currently, most utilities do not make these available to citizens or do not possess them). Similarly, they need to keep citizens apprised of the infrastructure expansions that they plan to undertake, how these will be financed, and what service improvements they are to result in.

This range of information is necessary to assess, firstly, the water and sanitation service 'return' that customers and tax-payers are getting for their money. Secondly, it enables utility managers and policy-makers to assess an understanding of how the financial efficiency of water service provision might be increased, so as to enable improved and expanded service for less money.

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<sup>55</sup> This also includes central grants

<sup>56</sup> Indian water utilities are also highly overstaffed, employing an average of 12 employees per 1,000 connections, against the world average of 5 per connection internationally. Labour productivity is also low when benchmarked against international standards.

**Box 12: The Nature of RTI Queries on Water and Sanitation**

A quick review of the RTI queries received by a handful of India's largest water and sanitation utilities<sup>57</sup> point to the type of issues that citizens wish to receive more information on. Broadly, these are:

- Service quality norms
- The basis for tariff-setting and billing
- Investment plans, contracts, and decision-making processes (including on donor programs)
- The responsibilities and performance record of key staff

These queries point both to the absence of public understanding of what service levels they are to expect from their utilities, as also of a desire for more insight into the performance of their utilities. It also indicates a desire to be apprised of and involved in investment initiatives, particularly if they have an implication for tariffs.

***Customer service indicators*** – Customer service and satisfaction should represent the third block of indicators within a public reporting system, since they measure how pro-actively utilities serve those within their jurisdictions. Thus, utilities should report on whether they have a complaint grievance mechanism, on the nature and number of complaints they have received, but also on the speed with which complaint letters/ calls were answered and the underlying problems redressed. Similarly, it is important to capture and report data on whether consumers were satisfied with the resolution of their complaints.

Placing such complaint handling data in the public domain will create natural pressure on utilities to improve their performance on key indicators. (In many countries, water regulators use complaint handling data to decide on whether to renew the licenses of incumbent utilities or not. India's electricity sector manifests the same pattern). At the same time, it will help utility managers isolate and take more effective steps to resolve chronic problem areas. All information should thus, as far as possible, be disaggregated by zone and income category.

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<sup>57</sup> Bangalore, Mumbai and Delhi

It must be noted, however, that such measures only reflect the experiences of connected consumers. Innovative measures must also be devised to capture the utilities' responsiveness to unconnected consumers that are seeking to initiate service.

### **Enhancing accountability pressure**

For public reporting to enable Indian citizens and policy-makers to more effectively hold their utilities to account, three criteria need to guide the design and setting up of the system. There are discussed below.

- *Target levels of service should be specified*

It is not enough for utilities to just report on the set of indicators that are eventually chosen by the government. Utility must also actively be held to account against target levels of service that the Government defines, as Australia is seeking to do via the practice of 'compliance auditing'. (See Pg 17). Only when clear terms are set for service delivery is it possible for consumers and policy-makers to develop a realistic insight of how their utilities are faring. For instance, a utility may accurately report that it is providing customers with 2 hours of water supply a day. This level of service could be construed as 'good', if the utility is committed to deliver 3 hours of water a day, or 'bad' if the target is 24 hours.

- *Technical reasons for poor service*

Equally important is that reporting indicators provide the data necessary for the public to ascertain whether poor delivery results from technical faults or inadequate commitment from water utility staff. In other words, a household that is not receiving water on a regular basis should be able to quickly determine whether this is due to a limit in the volume of source water, pipe leakages/ blockages, or the valve man's closing of the local valve. Similarly, a household receiving muddy water should be able to tell whether this is due to a pipe break, or to somebody not turning on the water treatment plant.

Thus, indicators must not only provide the information necessary to assess the status of delivery at a static point in time, but also to take stock of areas of improvement or slippage. Indicators must also provide information as to the ideal 'level of service' and enable customers to match their utilities performance against that.

- *Good should not be sacrificed for the 'best'*

Finally, and most importantly, reporting might initially be required only on those indicators for which utilities can generate data with only minor modifications in operational practice. Many smaller towns may not have the data nor manpower necessary to immediately report on sophisticated indicators, or those which involve detailed calculations. Typically, in such towns, just two engineers operate the entire network/attend to complaints. It may thus be difficult for them to report on indicators such as customer service and billing status without supplementary resources.

To enable public reporting to move smoothly toward more operationally difficult – but 'telling' – indicators, all utilities might be required to report on a core set of indicators immediately, with a 'schedule of compliance' for more sophisticated indicators. This schedule could be staggered on the basis of population and resource size – that is, Grade 1, Grade 2, Grade 3, and Grade 4 agglomerations. Thus, smaller agglomerations might be granted a longer period than better-resourced ones to prepare for and move toward more holistic reporting.

**Box 13: Drawing on the South African experience...**

In deciding on core reporting indicators (and how these might be used), South Africa's experience may be particularly relevant to India. Both countries have monopolistic, publicly-owned water and sanitation utilities that run on heavy state subsidies; no utility reporting on performance; vast, unconnected slum poor populations that it is politically difficult to 'charge'; and a federal system in which state governments make municipal and UWSS policy.

Moreover, each country is undertaking an ambitious program of urban governance and municipal



reform. South Africa's program, which accords priority to performance measurement, is focusing particularly on urban water and sanitation sector reform. To improve service and accountability, all utilities in the country are now required to report to the Department of Water Affairs and Forests (DWAF) on the eight performance indicators listed below.<sup>58</sup> Utilities that fail to comply with this requirement are financially penalized.

**1. Access to a basic water supply service**

- Percentage access to at least a basic water supply
- Absolute backlog
- Rate of reduction in backlog

**3. Drinking water quality**

- Programme for water quality monitoring in place
- Water quality indicator (percentage samples passing SANS 241)

**5. Strategic asset management and water demand management**

- Meter coverage
- Metering efficiency (unaccounted for water)
- Asset management plan in place
- Audited water services asset register

**7. Financial performance**

- Water services financial audit
- Collection efficiency
- Average debtor days
- Financial self-reliance
- Average domestic tariff

**2. Access to a basic sanitation service**

- Percentage access to at least a basic sanitation service
- Absolute backlog
- Rate of reduction in backlog

**4. Impact on the environment**

- Status of effluent treatment works
- Effluent quality monitoring system in place
- Percentage samples passing the minimum standard
- Assessments of treatment works

**6. Customer service standards**

- Continuity of water supply: number of households experiencing an interruption of greater than 48 hours per incident
- Continuity of water supply: number of interruptions of greater than 6 hours, 24 hours and 48 hours per incident per 1000 connections

**8. Institutional effectiveness**

- Number of employees per 1,000 connections
- WSA annual report submitted to the Minister

DWAF agglomerates, analyses, and publicly reports this data on its Website ([www.dwaf.gov.za](http://www.dwaf.gov.za)) to track the progress that individual utilities – and the country as a whole – are making in expanding coverage to the poor, increasing operational efficiency and customer-responsiveness, recovering revenue, conserving water and reducing environmental impact.

Whatever the modality, however, it is important to establish clear and binding targets to ensure that all utilities achieve reporting 'best practice'. City size should not be the excuse for poor performance measurement, as the case of Pontianak in Indonesia illustrates. (See Box 14).

<sup>58</sup> Although there are also other indicators, these are to receive priority.

**Box 14: Recording utility performance in Pontianak**

Limited capacity has not deterred small-town Indonesia from maintaining a detailed record of water and sanitation system performance. The water utility in Pontianak in West Kalimantan, with a population of 500,000 people, meticulously logs a variety of monthly operational indicators – such as electricity consumption and the maintenance on individual pumps. It also records water quality data on an hour-by-hour and household-by-household basis. Similarly, it has detailed records for all its consumers for the past ten years, including billing and payment status. It records all its information in a log-book, which is then computerized and mapped onto a GIS system to present detailed information on each individual household.

Most noteworthy of all is that the utility has had no regulatory requirement to do so.

**Section 4: Operationalising Reporting**

To ensure that these basic indicators might, in fact, be immediately workable in India, it is necessary to assess the nature of the data that utilities already have in their possession. Given existing reporting and operational practices within the sector, data is likely to pose the greatest hurdle to speedily and effectively operationalising utility reporting. The issue is two-fold. Firstly, there is the fundamental matter of data available. Since utilities have so far not been required to measure and record even basic indicators on an ongoing basis, they may neither have the information nor the collection systems necessary. Secondly, even when data is available, it may be neither accurate nor reliable.

In an effort to investigate this matter in more detail, WSP-SA commissioned CRISIL to audit the information availability and reliability across 10 Indian utilities (Chandigarh, Delhi, Jamshedpur, Bhubhaneshwar, Indore, Pune, Rajkot, Hyderabad, Chennai, Bangalore) for three years. The audit was guided by the following seven key performance indicators:

- Service coverage
- Water consumption and production
- Unaccounted for water

- Metering practices
- Pipe network performance
- Cost and staffing
- Staff/'000 water connections and staff/'000 W&S connections
- Quality of service

The research found that while some of this data is already available within Indian utilities, there are shortcomings in the manner in which it collected and analysed. Most notably, it is based largely on estimates, which are not cross-checked by an independent third-party 'auditor'. Also, due to different definitions of the same indicator across utilities, there is no harmonization in the manner by which data is collected and analysed.

### **Ensuring data accuracy**

As the above discussion makes clear, each reporting indicator will not only need to be clearly defined, but so also will the process by which the required data is to be collected. Not only will this guide utilities in setting up reliable systems for data collection; it will also ensure standardization of the resulting information. Only if utilities measure and report the same variables, will it be possible to undertake inter-utility comparisons or to accurately benchmark performance. A clear definition of reporting parameters and the accompanying data collection methodology will also build consumer understanding of the manner in which utility performance should be monitored.

*Independent auditing* - At the same time, it will be necessary to put in place a robust system of auditing that assures the credibility and reliability of reported data. In many countries, utilities have their financial statements audited by specialized third-party auditing firms, as a matter of course. This is done to comply with both sectoral and corporate reporting regulations, or as standard operating procedure

when raising investment or working capital from banks and investors. Utility data is certified by accredited technical and environmental auditors with an understanding of water and sanitation engineering.<sup>59</sup> Many utilities in the United Kingdom, for instance, engage Halcrow – an infrastructure advisory and engineering firm, and many Australian utilities use Maunsell. Some utilities may have their financial statements audited by one firm, and their performance and customer service indicators by another. However, technical firms have now developed the necessary expertise to provide this whole range of service.

India has a range of both financial audit and technical audit firms that utilities could use in having their data verified. The Ministry of Urban Development, for instance, is considering appointing ICFAI (Institute of Certified Financial Accountants of India) to audit the quarterly financial statements of the municipal governments that will be bound under the JNNURM Municipal Disclosure Law. It will also be necessary to similarly audit the service-related level data that utilities in the JNNURM cities will now have to report. In this context, India has a number of experienced financial, engineering, and other technical audit firm that could be employed for this purpose – whether singly or in partnership. In addition, many of the firms that audit utilities' performance and customer service reports internationally also have offices in India.

*Citizen monitoring* – Further, citizen monitoring can also play an important role in ensuring the validity of reported information on certain aspects of service delivery and customer responsiveness. It can also generate more comprehensive ground level data on service quality and customer satisfaction than would normally be captured by utility reporting. Citizens groups could, for instance, regularly record the average number of hours that their neighbourhood receives water per day/week, flow pressure, the quality of water received, and so on. When aggregated, this information could be compared with that reported by the utility to determine

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<sup>59</sup> Water regulators issue a list of accredited audit firms for utilities to choose from.

reliability. Rajasthan's electricity sector presents an interesting model of citizen monitoring at the ground-level. (See Box 13 below).

**Box 15: Service Monitoring in Rajasthan**

In Rajasthan, a network of *vidyut sudhar samitis* (electricity improvement committees) now actively monitors and records the quality of electricity service in their villages. Among other things, they note supply interruptions, voltage fluctuations, and technical problems in village log-book on a daily basis. The Consumer Unity and Trust Society (CUTS), the Jaipur-based NGO that initiated this program, agglomerates this information to lobby electricity-related policy change or governmental action on at the state level. For instance, it used information from a survey of 310 villages to prove to the Rajasthan Electricity Regulatory Commission that electricity utilities were supplying these villages for only five to six hours per day. Such ground-level information has helped the Commission to more effectively hold Rajasthan's electricity distribution companies to account.

The 'Community Participation Law' presents a significant opportunity in this regard, since it formally mandates *area sabhas* to monitor service at the neighbourhood level. *Area sabhas*, in partnership with neighbourhood groups, might thus regularly record levels of service for their area (hours/ volume of supply, pressure, water quality, promptness of complaint redressal, and so on). This information can then be agglomerated at a zonal and city level and compared with the data submitted by the utility. In this way, ongoing and well-designed citizen monitoring will create another source of supervision and feedback on the accuracy of utility-reported data, as the experience of the United Kingdom shows.

**Box 16: Citizen auditing of utility reported data**

In the United Kingdom, the Consumer Council for Water actively matches utility-reported complaint handling data with that generated through its own independent audit of individual companies' customer care processes and systems. The Council then advises each company on how it might improve performance in the specific areas where it has been found short.

At this stage, however, it is essential to flag two issues. Firstly, citizen monitoring is not intended to replace ongoing audits by accredited firms, but only to supplement it by adding a further layer of granularity and richness to utility-reported data. Secondly, citizens will only be able to monitor very specific aspects of service

delivery and customer responsiveness – and not on the entire range of financial, performance and customer service indicators. If *area sabhas* are to, in fact, become the channel by for citizen monitoring of utility performance at the local level, then it is important to clearly specify those indicators they should be measuring – and how they are to do it.<sup>60</sup> If not, there is a strong likelihood that *area sabhas* will, as utilities do today, measure different elements of performance or the same elements in different ways.

### **Obtaining parastatal data**

Existing institutional arrangements and administrative practices within the Indian urban water and sanitation sector will also pose challenges for data collection. As mentioned earlier, in many parts of India, state-level agencies and parastatals continue to construct water supply and sewage infrastructure and, in some cases, even to undertake operation and maintenance. Thus, some of the cost and performance data that utilities may be mandated to report will only be available with these agencies. A major case in point is that municipal water and sanitation utilities rarely have the construction maps or project documents relating to their delivery network, since parastatal construction agencies are not legally required to hand these over when construction is completed. They, thus, rarely do.

*Accessing the data controlled by parastatal agencies* – Moreover, the information lying with parastatal agencies may not be in the form required and may have to be modified or disaggregated. For instance, while most parastatals maintain a detailed record of project planning, the progress of construction, and accompanying expenditure, they tend to store this data only in an agglomerated form. Data is thus available only on the basis of operating ‘circles’ rather than individual cities/ towns.

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<sup>60</sup> A starting set of indicators and processes is suggested in “Holding Your Utility to Account: Initiating Citizen Monitoring in the Indian Urban Water and Sanitation Sector”, Water and Sanitation Program – South Asia (forthcoming).

It will thus be necessary to assess the type of information currently available with parastatal agencies, as also the manner in which it might (and can) be disaggregated to the local level. While, in theory, it should be possible for utilities to access this information from these state agencies for onward reporting to the public, there are likely to be significant delays in the process of data disaggregation and transmission – unless parastatals themselves are specifically bound to do so.

*Resolving the differences in service delivery models* – Secondly, there are significant variations in the institutional model for service delivery across states. While in Goa and Kerala, for instance, parastatals continue both to construct infrastructure and to provide water and sanitation service at the local level, in others municipal water supply departments deliver services completely on their own. In many cases, there are also significant variations within states, with larger towns undertaking O&M on their own and smaller ones still using parastatal agencies for this purpose. Thus, where necessary, an effective means will need to be devised to ensure that parastatals effectively record and transmit local-level performance and customer service data for onward reporting by municipal water departments; or are mandated to report it themselves.

While the RTI can be used to do this, it will be necessary to develop a detailed set of reporting indicators for parastatal agencies. This information will then have to be collated and analyzed together with that being reported by the relevant municipality. In this context, it is important to note that the Municipal Disclosure Law – which applies only to municipal governments – will not bind parastatal agencies.

## **Section 5: Conclusions**

Mandatory public reporting on key service, performance and customer satisfaction indicators is likely to significantly enhance the performance of Indian urban water

and sanitation utilities. Firstly, it will compel them to collect and record essential data that is currently being lost or overlooked, due to the single-minded focus on budget and spending issues in existing reporting practices within the sector. Having to regularly – and publicly – account for performance will force utilities and policy-makers to analyze and reflect on the data they report, better informing management, investments, and service quality in the sector.

Equally importantly, mandatory reporting will better enable consumers to track the extent to which their tax money/user payments are translating into effective on-the-ground services – strengthening their ability to exert ‘voice’ and ‘client power’ over their utilities. Most importantly, given the absence of an urban water and sanitation sector regulator in India, it will arm the public with crucial information with which to exert steady and ongoing pressure on utilities for more accountability and better performance.

The Right to Information Act and the proposed Municipal Disclosure Law of the JNNURM present a ready framework upon which to build such a system. Each presents its own sets of opportunities and challenges vis a vis scope and enforceability. The RTI, which is already in force, commits all government agencies to pro-actively disclose a number of organizational and investment-related issues. However, it does not require reporting on service and performance. The proposed Municipal Disclosure Law of the JNNURM, on the other hand, will specifically require municipal government to report on financial and service parameters, but will not bind water and sanitation parastatals that continue to play an important role in the Indian UWSS sector. Operationalising utility reporting through the RTI will require the intervention of the Central or State Information Commissions, while – in the case of the JNNURM/ UIDSSMT – state Governments will have to drive this process.

Fortunately, a single set of public reporting indicators can be developed for use in tandem with either legislation. However, if utility reporting is to fully realize its



potential to enhance the accountability and performance of the Indian UWSS sector, indicators must be carefully chosen. They need to focus attention on the service delivery shortcomings/issues of the greatest concern to customers and policy-makers, so as to ensure targeted improvements by utilities. Further, data must be reported in a manner that is comprehensible to/actionable by citizens. At the same time, they need to be technically simple to fulfill so that utilities can begin to comply immediately. As utility capacity for data collection, analysis and reporting develops, indicators can become more complex.

Finally, it will be necessary to ensure that all reported data is credibly and comprehensively audited. This can be done by specialized audit firms with supplementary monitoring by local communities.

## Annexure 1: Public Reporting by the Hyderabad Water Supply and Sewerage Board

The Hyderabad Metropolitan Water Supply and Sewerage Board's (HMWSSB) attempt to report on performance provides an interesting template that might be considered by other Indian utilities. The following table (please see HMWSSB Website – [www.hmwssb.org](http://www.hmwssb.org)) provides an extract of the information reported by the HMWSSB in 2004. Among other things, it sets itself monthly targets for a variety of performance and process parameters, reports on its ability to meet/ exceed these, and grades its performance.

It also attempts to evaluate its historical performance in achieving a number of outcomes, including access to piped water supply<sup>61</sup>, improvements in the quality of drinking water<sup>62</sup>, increased service access to the poor<sup>63</sup>, increased environmental sanitation through sewerage collection, treatment and disposal<sup>64</sup>, and financial self-sufficiency at provision of services at economic cost<sup>65</sup>. Using the situation in 2000-01 as a benchmark, it measures its performance on these parameters in March 2002 and enunciates targets for March 2004.

	Performance Indicators	Units	Annual target	Monthly target	Monthly achievement	Monthly grade
1	Population coverage (piped water supply)	%	73.2%	72.9%	73.5%	A
2	Population coverage (piped sewerage)	%	53.8%	53.8%	54.1%	A
3a	Customer satisfaction (water supply)	Lakhs	700	700	728	B
3b	Customer satisfaction (WS Quality)	Lakhs	90	90	87	A
3c	Customer satisfaction (sewerage)	Lakhs	1250	1250	1067	A
4	Staff per 1,000 connections	Num	12.4	12.4	12.4	A
5a	Water consumption (LPCD) (gross)	LPCD	171	130	130	A
5b	Water consumption (LPCD) (Net domestic)	LPCD		A		

<sup>61</sup> showing no. of hours of supply per day, population covered, quantity supplied, declining physical losses, reduced complaints, pollution complaints

<sup>62</sup> no of gastro-intestinal cases, percentage of safe samples tested, pollution

<sup>63</sup> Number of population, number of slums covered

<sup>64</sup> treatment capacity, primary treatment, quantity treated, no of sewerage connections, percentage of population covered, complaints

<sup>65</sup> nn-revenue (accounted for) water, Unaccounted for water (revenue loss), demand and collection, cost of supply versus realization through tariff

6	Availability of water	Hrs/Days	2/2	2/2	2/2	A
7	Quality of water	%	99%	99%	99%	A
8	Water losses	%	36%	36%	26%	A
9	System repairs service levels	%	35%	32.5%	74%	A
10	Sewerage service levels	%	40%	38.0%	67%	A
	<b>Process Indicators</b>	<b>Units</b>	<b>Annual target</b>	<b>Monthly target</b>	<b>Monthly achievement</b>	<b>Monthly grade</b>
11	Operating Cost	Rs./KL	11.00	11.00	11.00	A
12	Revenue	Rs.Crores	140.00	11.67	13.62	A
13	Operating Ratio	%	95%	95%	95%	A
14	Collection Efficiency	%	90%	90%	105%	A
15	Level of Debt (Debt/Assets)		44%	29%	29%	A
16	Projects Time Overruns	Num	NIL	NIL	#N/A	#N/A
17	Projects Cost Overruns	LPCD	NIL	NIL	#N/A	#N/A

*Source: Hyderabad Metropolitan Water Supply and Sewerage Board*

## **Annexure 2a: The RTI Act's 'pro-active' disclosure requirements**

Section 4 1. b II of the Right to Information Act binds every public authority to:

“publish within one hundred and twenty days from the enactment of this Act,-

- i) the particulars of its organization, functions and duties;
- ii) the powers and duties of its officers and employees;
- iii) the procedure followed in the decision making process, including channels of supervision and accountability;
- iv) the norms set by it for the discharge of its functions
- v) the rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging its functions;
- vi) a statement of the categories of documents that are held by it or under its control;
- vii) the particulars of any arrangement that exists for consultation with, or representation by, the members of the public in relation to the formulation of its policy or implementation thereof;

- viii) a statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public; (*sic*)
  - ix) a directory of its officers and employees;
  - x) the monthly remuneration received by each of its officers and employees, including the system of compensation as provided in its regulations;
  - xi) the budget allocated to each of its agency, indicating the particulars of all plans, proposed expenditures and reports on disbursements made;
  - xii) the manner of execution of subsidy programmes, including the amounts allocated and the details of beneficiaries of such programmes;
  - xiii) particulars of recipients of concessions, permits or authorizations granted by it;
  - xiv) details in respect of the information, available to or held by it, reduced in an electronic form;
  - xv) the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for public use;
  - xvi) the names, designations and other particulars of the Public Information Officers;
  - xvii) such other information as may be prescribed, and thereafter update these publications every year;
- c) publish all relevant facts while formulating important policies or announcing the decisions which affect public;
- d) provide reasons for its administrative or quasi-judicial decisions to affected person.

## **Annexure 2b: Powers and Functions of the Information Commissions, Appeal and Penalties**

Chapter V: Section 18 of the Act, entitled “Powers and functions of Commission” says:

18 (1) Subject to the provisions of this Act, it shall be the duty of the Central Information Commission or State Information Commission, as the case may be, to receive and inquire into a complaint from any person, -

- (b) who has been refused access to any information requested under this Act;
- (c) who has not been given a response to a request for information or access to information within the time limits specified under this Act;
- (e) who believes that he or she has been given incomplete, misleading or false information under this Act; and
- (f) in respect of any other matters relating to requesting or obtaining access to records under this Act.

Chapter V: Section 19 of the Act, entitled “Appeal” says:

19 (7) The decision of the Central Information Commission or State Information Commission, as the case may be, shall be binding.

19 (8) In its decision, the Central Information Commission or State Information Commission, as the case may be, has the power to –

- a) require the public authority to take any such steps as may be necessary to secure compliance with the provisions of this Act, including –
  - (i) by providing access to information, if so requested, in a particular form;
  - (ii) by appointing a Central Public Information Officer or State Public Information Officer, as the case may be;

- (iii) by publishing certain information or categories of information;
  - (iv) by making necessary changes to its practices in relation to the maintenance, management and destruction of records;
  - (v) by enhancing the provision of training on the right to information for its officials;
  - (vi) by providing it with an annual report in compliance with clause (b) of sub-section (1) of section 4;
- b) require the public authority to compensate the complainant for any loss or other detriment suffered;
- c) impose any of the penalties provided under this Act;

### **Annexure 3: Model Municipality Disclosure Bill**

An Act to provide for transparency and accountability in the functioning of municipalities

Be it enacted by the Legislature of the State of \_\_\_\_\_ in the \_\_\_\_\_ year of the Republic of India as follows:

- 1.1. This Act may be called the Municipality Disclosure Act of \_\_\_\_\_.
- 1.2. It extends to such municipalities as may be notified by the State Government from time to time;
- 1.3. It shall come into force on such date as the State Government may, by notification, appoint in this behalf.

2. In this Act unless there is anything repugnant in the subject or context:

- 2.1 Assets means all immovable assets vested in the municipality;
- 2.2 Municipality means an institution of self-government constituted under Article 243-Q of the Constitution of India;

3. Every municipality shall maintain and publish all its records duly catalogued and indexed, in a manner and form which enables the municipality under this Act to disclose the required information as specified in Part-A and Part-B of Appendix to this Act at quarterly intervals:

4. Manner of disclosure shall include:

- a) Newspaper in regional, Hindi and English language
- b) Internet
- c) Notice boards of the municipality
- d) Ward offices

e) Any other mode, as may be prescribed, by the State Government under this Act, rules or notification issued from time to time.

## **Appendix**

### **Part A**

1. Particulars of the municipality;
2. A statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public or the minutes of such meetings are accessible for the public;
3. A directory of its officers and employees;
4. The particulars of officers who grant concession, permits or authorization for each activity;

### **Part B**

1. Audited financial statements of Balance Sheets, Receipts and Expenditures, and Cash Flow on a quarterly basis, within two months of end of each quarter; and statutorily audited financial statements for the full financial year; within three months of the end of the financial year;
2. The service levels being provided for each of the services being undertaken by the municipality.
3. Particulars of all plans, proposed expenditures, actual expenditures on major services provided or activities performed and reports on disbursements made;



4. Details of subsidy programmes on major services provided or activities performed by the municipality, and manner and criteria of identification of beneficiaries for such programmes;
5. Particulars of the Master Plan, City Development Plan or any other plan concerning the development of the municipal area;
6. The particulars of major works as may be defined in the Rules to be made under this Act, together with information on the value of works, time of completion, and details of contract;
7. The details of the municipal funds i.e, income generated in the previous year by the following:
  - a) Taxes, duties, cess and surcharge, rent from the properties, fees from licenses and permission;
  - b) Taxes, duties, cess and surcharge, rent from the properties, fees from licenses and permission that remain uncollected and the reasons thereof;
  - c) Share of taxes levied by the state government and transferred to the municipality and the grants released to the municipality;
  - d) Grants released by the State Government for implementation of the schemes, projects and plans assigned or entrusted to the municipality the nature and extent of utilization;
  - e) Money raised through donation or contribution from public or non-governmental agencies.
8. Annual budget allocated to each ward.

Such other information as may be prescribed by the State Government under Part A or Part B.

### **Annexure 4: Proposed division of municipal functions and oversight under the Community Participation Bill**

<b>Municipality</b>	<b>Ward Committee</b>	<b>Area sabha<sup>66</sup></b>
Assessing city's water supply needs on short, medium and long term basis	Provide assistance for the preparation and encouragement of the development scheme for the ward (c)	To generate proposals and determine the priority of schemes and development programmes (a)
Formulation of major water supply schemes	Provide assistance in the implementation of development schemes relating to the ward (f)	To identify the deficiencies in the water supply arrangement (e)
Technical appraisal and approval to the schemes proposed by the Ward Committees	Provide assistance for identification of beneficiaries for the implementation of development and welfare schemes (g)	To suggest the location of street or community water taps, public wells, public sanitation units, and such other public amenity schemes within the area (d)
Awarding contracts for the execution of major schemes and enforcing Service Level Agreements	Provide the Ward Plan and Ward Budget; (15.1 a and b)  Encourage local-level alternatives for implementation in all the areas under its responsibility (15.1 c)	To identify the most eligible persons from the jurisdiction for beneficiary-oriented schemes and to verify the eligibility of persons getting various kinds of welfare assistance.

**Adapted from:** Draft *Community Participation Bill*, Ministry of Urban Development, GoI 2006

<sup>66</sup> The functions and duties of an Area Sabha are contained in Section 9 of the Model 'Nagara Raja Bill'

### Annexure 5: Tentative Utility Reporting Indicators For Discussion

The proposed indicators below draw on international best practice, as also on the perceived information needs of Indian UWSS customers.

<b>SERVICE COMMITMENTS</b>	
Connection charge – water (domestic, industrial, commercial)	Rs/ year
Connection charge – sewerage	Rs/ year
Guaranteed frequency/ duration of supply <sup>67</sup>	days per week/ hours per day
Guaranteed hours of supply (domestic, industrial commercial)	hours/ day

<b>SERVICE COVERAGE</b>	
<b>Water</b>	
Population served – water	000s
• Direct water supply and shared taps (that is, no of connections)	000s
• Public standposts	000s
Total population in area of responsibility – water supply	000s
Connection backlog (that is, unconnected population as % of total population)	%
<b>Wastewater</b>	
Population served – sanitation/ sewerage	000s
• % of population with domestic toilets	000s
• % of population reliant on public toilets	000s
Total population in area of responsibility – wastewater	000s
Connection backlog (that is, unconnected population as % of total population)	%

<sup>67</sup> (24x7, twice a day, once a day, every alternate day, twice a week, once a week, etc)

<b>SERVICE QUALITY</b>	
Actual frequency of delivery	days/week
Actual duration of supply	hours/ day
Average level of pressure per connection	
% of customers receiving 'less than guaranteed level of service	%
Reasons for this situation	
Number of blockages in the sewer system	
<b>WATER PRODUCTION AND MANAGEMENT</b>	
Volume of water produced	million m3/yr
Volume of water consumed	million m3/yr
<ul style="list-style-type: none"> <li>• Volume of water sold to residential customers</li> </ul>	million m3/yr
<ul style="list-style-type: none"> <li>• Volume of water sold to industrial and commercial customers</li> </ul>	million m3/yr
<ul style="list-style-type: none"> <li>• Volume of water sold to institutions and others</li> </ul>	million m3/yr
<ul style="list-style-type: none"> <li>• Volume of water sold treated in bulk</li> </ul>	million m3/yr
Volume of leakage	million m3/yr
Percentage of leakage	%
<b>CUSTOMER SERVICE INDICATORS</b>	
Total number of complaints	00s - 000s
% of complaints received by i) phone ii) in writing iii) in person	%
% break-up of complaints (billing, no supply, low pressure, sewer blockages, water quality)	%
The average time taken to resolve each category of complaint	hrs/ days
% of complainants satisfied with the resolution of their complaints	%
<b>BILLING AND COLLECTION</b>	

% of operating deficit	%
Connections with an operating meter	000s
Total W and WW operating (billed revenues)	Rs crore
Total W operating revenues	Rs crore
Total cash income (W and WW)	Rs crore
<b>ENVIRONMENTAL</b>	
Total volume of wastewater collected	
<ul style="list-style-type: none"> <li>• % treated to primary level</li> </ul>	million m3/yr
<ul style="list-style-type: none"> <li>• % treated at least to secondary level</li> </ul>	
Where is wastewater disposed of?	
<b>STAFFING</b>	
Number of staff per connection – water	
Number of staff per connection – wastewater	

### **The Accountability Initiative**

The Accountability Initiative is an independent effort to strengthen state accountability in India by undertaking policy research, creating networks of stakeholders, exploring new areas and ways to collect and disseminate information on the quality of public services in India. The initiative's work is collaborative. It seeks to strengthen current accountability efforts by government, civil society, research institutes and the media.

Specifically, the initiative aims to:

- Undertake policy research on the mechanisms of accountability in India's governance institutions
- Develop new areas and innovations to enhance accountability
- Support the creation of better quality data on basic public services
- Seek innovative ways to disseminate this data to the public
- Encourage an informed, evidence-based debate on accountability and improved service delivery outcomes in India

The Center for Policy Research, New Delhi is the institutional anchor for the initiative.

Visit us at: [www.accountabilityindia.org](http://www.accountabilityindia.org)

### **Accountable Government: Policy Research Series**

Accountability plays a central role in determining the impact of services delivered through public institutions. Therefore a crucial reference point for analyzing the strengths and weaknesses of service delivery policy would be to assess how best it addresses the accountability question. The aim of our Policy Research Series is to contribute to debates on administrative reforms in India from the perspective of ensuring accountability.