



**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2016-2019)**

**SIXTY NINTH REPORT**  
(Presented on 26<sup>th</sup> June, 2018)

**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2018**

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ON  
PUBLIC UNDERTAKINGS  
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**SIXTY NINTH REPORT**

**On**

**THE KERALA WATER AUTHORITY**

**(Based on the Report of the Comptroller and Auditor General of  
India for the year ended 31 March, 2015)**

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**COMMITTEE ON PUBLIC UNDERTAKINGS (2016-2019)**

**COMPOSITION OF THE COMMITTEE**

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Shri C. Divakaran.

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Shri Sunny Joseph

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Shri P. Unni.

***Legislature Secretariat:***

Shri V. K. Babu Prakash, Secretary

Smt. Sumakumari. G., Special Secretary

Shri Harish. G., Deputy Secretary

Smt. Deepa. V., Under Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2016-2019) having been authorised by the Committee to present the Report on its behalf, present this 69<sup>th</sup> Report on The Kerala Water Authority based on the Report of the Comptroller and Auditor General of India for the year ended 31 March 2015 relating to the Public Sector Undertakings of the State of Kerala.

The aforesaid report of the Comptroller and Auditor General of India for the year ended 31 March 2015, was laid on the Table of the House on 28-6-2016. The consideration of the audit paragraphs included in this report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the year 2016-2019 on its meetings held on 12-7-2017 and 2-8-2017.

This Report was considered and approved by the Committee (2016-2019) at its meeting held on 19-6-2018.

The Committee places on record their appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala in the examination of the Audit paragraphs included in this Report.

The Committee wishes to express thanks to the officials of the Water Resources Department of the Government Secretariat and The Kerala Water Authority for the information solicited in connection with examination of the subject. The Committee also wishes to thank in particular the Secretaries to Government Water Resources and Finance Departments and the officials of the Kerala Water Authority who appeared for evidence and assisted the Committee by placing their views before it.

Thiruvananthapuram,  
19<sup>th</sup> June, 2018.

C. DIVAKARAN,  
*Chairman,*  
*Committee on Public Undertakings.*

**REPORT**  
**ON**  
**THE KERALA WATER AUTHORITY**

AUDIT PARAGRAPH 4.5 and 4.11 (2014-15)

**4.5 Incomplete water supply schemes of Kerala Water Authority**

*4.5.1 Introduction*

The Kerala Water Authority (KWA), established by the Government of Kerala in April 1984, was entrusted with the responsibility of providing drinking water to the entire State of Kerala. The major sources of funds for KWA were grants from Government of Kerala (GOK) and Government of India (GOI), loans from GOK and financial institutions and revenue collected for the supply of water and sewerage charges.

Scrutiny of records of KWA as on 31<sup>st</sup> March 2015 revealed that work was progressing on 269 Water Supply Schemes (WSS) on which ₹ 3651.75 crore had already been incurred and were awaiting completion. Financial assistance for these WSS was provided by various agencies like the NABARD<sup>61</sup> and JICA<sup>62</sup> or by inclusion in schemes like SAARK<sup>63</sup>, JNNURM<sup>64</sup>, UIDSSMT<sup>65</sup>, NRDWP<sup>66</sup>, etc. This audit, covering the period 2010-2015, focused on incomplete WSS which were financially assisted by NABARD and SAARK since implementation of WSS with financial assistance from the NRDWP, JNNURM, JICA and UIDSSMT have already been covered in detail in previous Audit Reports. This audit exercise attempts to analyse the reasons for inordinate delay in commissioning of such essential WSS and to assess delay attributable to non-compliance of rules/procedures/guidelines laid down by Government/KWA.

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- 61 National Bank for Agricultural and Rural Development.  
62 Japan International Co-operation Agency  
63 Special Package Against Recession in Kerala  
64 Jawharlal Nehru National Urban Renewal Mission  
65 Urban Infrastructure Development for Small and Medium Towns  
66 National Rural Drinking Water Programme

#### 4.5.2 Financial assistance by NABARD and Government of Kerala

Financial assistance was sanctioned by NABARD in four tranches during September 2003 to December 2011 for implementing rural water supply schemes. The GOK also formulated a new project 'Special Package Against Recession in Kerala' (SAARK) during 2009-10 and 2010-11. The details are given below:

**Table 4.8: Financial assistance by NABARD and GOK**

(₹ in crore)

Source of funds	Total No. of Schemes	Amount sanctioned	No. of incomplete WSS as on March 2015	Expenditure on incomplete schemes as on March 2015	Remarks
NABARD	47	537.02	15	262.53	All these schemes were to be completed on or before March 2015
SAARK	25	342.47	22	207.68	
<b>Total</b>	<b>72</b>	<b>879.49</b>	<b>37</b>	<b>470.21</b>	

(source : KWA)

#### 4.5.3 Status of implementation

As of March 2015, 37 schemes (15 under NABARD and 22 under SAARK) remained incomplete despite incurring expenditure of ₹ 470.21 crore. Audit observed that while a further 13<sup>67</sup> WSS were completed up to September 2015, it was stated by KWA that major hurdles relating to 12<sup>68</sup> WSS were cleared and that the schemes were likely to be completed shortly. As an audit paragraph on an incomplete WSS to Cheruthuruthy and Nedumpura had already appeared in the CAG's Report for the year ended March 2014, this Audit focused on the remaining 11 Schemes which also included a scheme remaining incomplete since 1997. The expenditure of the remaining 11 incomplete schemes (March 2015) is given in Table 4.9.

67 Four WSS under NABARD & nine WSS under SAARK

68 Five WSS under NABARD & seven WSS under SAARK

**Table 4.9: Expenditure incurred on 11 incomplete schemes as on March 2015**

(₹ in crore)

Source of fund	No. of Schemes	Expenditure incurred prior to inclusion under NABARD/SAARK	Expenditure incurred under NABARD/SAARK	Total Expenditure
NABARD	5	-	57.93	57.93
SAARK	6	5.80	78.35	84.15
<b>Total</b>	<b>11</b>	<b>5.80</b>	<b>136.28</b>	<b>142.08</b>

(source : KWA)

### **Audit Findings**

Projects taken up with NABARD assistance were to be completed within two to three years as mentioned in the loan sanction orders. Works sanctioned under SAARK were to be arranged in such a way that the schemes would be completed within two years from the date of Technical Sanction (TS). Audit noticed that as on March 2015, completion of these schemes was already delayed by 24 to 48 months from the targeted dates. Norms for timely acquisition of land, implementation of the procedural requirements, finalization of tenders and obtaining permissions from various agencies/Departments like Railway, PWD, etc., were not adhered to, due to which these schemes were still incomplete as brought out below.

#### **4.5.4 Schemes remaining incomplete due to non-acquisition of land**

The KWA identified, as early as in 2001, non-availability of required land as the reason for delay in completion of schemes. The KWA, therefore, directed its officers (July 2001 and September 2008) not to tender any work unless the entire land required for completion and commissioning of the scheme was in complete



physical possession of the Authority. Audit observed that NABARD while sanctioning the loan had also insisted that the State Government should ensure completion of all processes including land acquisition and obtaining necessary clearances from the authorities concerned at the earliest for ensuring timely completion of projects. Audit noticed that these orders were not complied with due to which three schemes were still remaining incomplete as of October 2015, as discussed below.

#### **4.5.4.1 Comprehensive WSS to Parassala and Adjoining villages and Marukil Maranalloor villages in Thiruvananthapuram District**

The WSS, taken up under SAARK, was intended to provide water to 396870 beneficiaries in eleven Villages in Neyyatinkara Taluk in Thiruvananthapuram district. The work was divided into 15 packages. Out of this, three packages<sup>69</sup> could not be taken up due to non-availability of land for the construction of Over Head Service Reservoirs (OHSR) and Ground Level Service Reservoirs (GLSR). It was envisaged that while KWA would acquire 81 ares<sup>70</sup> land for construction of one OHSR and one GLSR at Ponvila, the Grama Panchayats (GPs) in Kulathoor and Parassala would hand over land for construction of OHSRs and GLSR at Poozhikkunnu, Parassala and Pandarakkonam. It was seen that the required land was not handed over to KWA despite the two GPs having agreed (May 2008) to provide land for construction of the OHSRs and GLSRs. Repeated reminders of KWA (March 2010 and September 2011) to provide land failed to elicit any response from GPs. The land acquisition process for acquiring land by the KWA for construction of the reservoirs was also not finalised.

The Executive Engineer, KWA while confirming (September 2015) audit observation stated that land acquisition work at Ponvila was being processed by the District Collector's Office (September 2015). The Managing Director (MD), KWA replied (January 2016) that follow-up action was being taken.

69 Package IX Construction of OHSR/GLSR at Poozhikkunnu, Clear Water Transmission Main (CWTM) & distribution line in Kulathoor  
 Package X Construction of OHSR/GLSR at Ponvila, CWTM & distribution line in Karode Villages.  
 Package XII Construction of OHSR at Parassala, GLSR at Pandarakonam, CWTM & distribution line in Parassala

70 One 'are' = 0.0247 acre

The reply failed to answer as to why the possession of the required land was not taken before commencement of the Scheme. The scheme which should have been completed by November 2011 was remaining incomplete even as of October 2015, thereby denying potable water to 396870 beneficiaries. The expenditure of ₹ 56.67 crore incurred on the scheme (March 2015) remained unproductive.

#### **4.5.4.2 SAARK Accelerated Urban Water Supply Schemes (AUWSS) to Pudukkad Census Town in Thrissur District**

The AUWSS for Pudukkad Census Town slated for completion at an estimated cost of ₹ 1.37 crore was a combined scheme with the ARWSS<sup>71</sup> to Parappukkara and adjoining villages with a common source, intake well cum pump house, raw water pumping main (RWPM) and water treatment plant (WTP) and targeted to benefit 96,250<sup>72</sup> beneficiaries. Audit noticed that all components of the works were completed (December 2012) except construction of WTP, Pumping main, Service Reservoir, Gravity Main, gap connection and river crossing which could not be taken up due to non-availability of land for WTP and storage tank.

GOK approved the scheme (September 2009) for funding its incomplete components under SAARK. The work commenced in March 2010 with scheduled date of completion fixed as June 2012. Audit noticed that other than erecting the pump set at a cost of ₹ 0.29 crore (February 2011), none of the other pending works were taken up since the Pudukkad GP had handed over only 20 cents of land as against the requirement of 30 cents, which was insufficient to construct the civil structures. The incomplete works were taken up under NABARD funding scheme (May 2014).

The failure of KWA to obtain additional 10 cents of land from the Grama Panchayat necessitated proposing changes (February 2015) to the design of WTP and reducing the capacity of the OHSR to accommodate the structure within 20 cents of land provided by Grama Panchayat. The proposal was pending approval from the MD, KWA (September 2015).

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71 Accelerated Rural Water Supply Scheme

72 ARWSS to Parappukkara and adjoining villages – 81,250  
AUWSS to Pudukkad town villages – 15,000

The MD, KWA confirmed (January 2016) the audit findings and stated that the tendering process was in progress. Failure of KWA to comply with its own instructions regarding obtaining and taking possession of requisite land before commencement of work resulted in the WSS remaining incomplete for at least six years besides depriving 96,250 beneficiaries from obtaining the benefit of the scheme.

#### **4.5.4.3 Comprehensive WSS to Pallichal, Balaramapuram and Vilavoorkkal Panchayats in Thiruvananthapuram District**

The NABARD assisted comprehensive WSS was envisaged to provide sufficient drinking water to three panchayats viz., Pallichal, Balaramapuram and Vilavoorkkal and also to ensure quality of water. The scheme was partially commissioned (July 2014).

Audit noticed that the construction of GLSR at Poovada could not be taken up due to failure of KWA to obtain possession of land from Pallichal Panchayat. Also, work on construction of OHSR Tank at Mottamoodu was stopped consequent to a suit filed by a nearby resident citing reasons like Violation by KWA of building rules, etc. The partially commissioned scheme, after incurring expenditure of ₹ 20.96 crore (March 2015), was currently providing (November 2015) water to a population of 9000 against envisaged population of 1,19,887.

The MD, KWA admitted (January 2016) that the delay in completion of the scheme was due to failure in handing over the site for GLSR at Poovada by the Pallichal GP.

Failure of KWA to ensure possession of adequate land had resulted in three schemes remaining incomplete.

#### **4.5.5 Timely completion of procedural requirements**

As per the terms and conditions for sanction of projects under NABARD, the State Government was to take all steps necessary to remove any legal or procedural delays in the smooth implementation of the projects. The Government was also responsible for obtaining necessary clearances from the concerned authorities at the earliest for timely completion of the sanctioned projects.

Permissions were required to be obtained from the Public Works Department (PWD), the National Highway Authorities (NH), Local bodies and Railways for laying pipes through their land. Audit noticed that five schemes suffered due to KWA's failure to obtain permissions from various agencies which resulted in denial of potable water to the beneficiaries as explained below.

#### **4.5.5.1 Permission for road cutting and rail crossing**

##### **NABARD-RDWSS to Kazhakkuttom Outer Growth in Thiruvananthapuram District**

The AS for the scheme was accorded in August 2008 for completion by 31 March 2011. The distribution system was not completed due to the failure to obtain road/rail cutting permission. The KWA approached NH (June 2009) and Railway authorities (March 2010) seeking permission for road cutting and rail crossing works. Audit noticed that while permission for road cutting was refused by the NH (May 2010) as land acquisition was in progress in the area, the Railways suggested (May 2010) to KWA to submit an alternate proposal as they were planning to construct an overbridge at the site proposed for laying pipelines. The cumulative expenditure of ₹ 8.72 crore incurred on the incomplete scheme was remaining unfruitful.

The MD, KWA stated (January 2016) that alternate arrangements to avoid NH/rail crossings were being looked into.

Audit observed that failure to obtain necessary clearances from NH/Railways resulted in failure to complete the scheme and resultant denial of potable water to 24,570 beneficiaries.

#### **4.5.5.2 Permission for road cutting from NH/PWD/Local Body**

##### **SAARK-Augmentation of UWSS<sup>73</sup> to Neyyattinkara Municipality in Thiruvananthapuram District**

The AS for the scheme was accorded during August 2009 for completion by November 2011. The work was awarded to a contractor during November 2012. The KWA approached NH/Municipal authorities for road cutting permission

during March 2013 and PWD during September 2013 only. Permission was accorded (December 2013) by the Neyyattinkara Municipality to lay distribution lines along 10 kms. of Municipal roads. However, after laying pipes in two kilometres through the municipal roads, the work was stopped due to public protest since the Kalippara transmission main under CWSS to Parassala which was the source of water for this distribution line was yet to be completed (January 2016). Permission was also refused (August 2014) by NH authorities for road cutting as a proposal for four lane road widening work was in progress and suggested to lay pipes simultaneously with the road widening work. The PWD did not offer any response to a letter from KWA (September 2013) seeking sanction for road cutting work. The work was still incomplete (January 2016) resulting in denial of potable water to 45,390 beneficiaries despite spending ₹ 0.98 crore on the scheme.

The MD, KWA replied (January 2016) that KWA was targeting for partial commissioning of Kalippara scheme soon and that road cutting permission would be obtained after completion of road widening works.

The reply of KWA was not acceptable as KWA should have obtained necessary clearances from respective agencies before award of the work to the contractor, which was indicative of ill-planning due to not obtaining permissions before starting works.

**NABARD RWSS<sup>74</sup> to Azhoor, Kizhuvillam and Keezhattingal villages in Thiruvananthapuram District**

The AS for the work was accorded during August 2008. The work was commenced in March 2010 with stipulated date of completion on 31 March 2011. The scheme was partially commissioned on 20 July 2012 after completion of CWPM<sup>75</sup>, OHSR and distribution network. The work of laying 2037 metres of transmission main from Mananakku tank to OHSR was yet to be completed due to non-receipt of permission for road cutting from NH authorities.

The MD, KWA replied (January 2016) that the NH road was under maintenance contract of the PWD contractor and permission for road cutting would be obtained after completion of maintenance period.

74 Rural Water Supply Scheme

75 Clear Water Pumping Main

Audit observed that better co-ordination between NH and KWA could have ensured timely permission for road cutting prior to commencement of maintenance work.

#### **SAARK WSS to Ollur and Edakkunni in Thrissur District**

The AS for the work was accorded during August 2009 and works were scheduled to be completed by June 2012. The scheme was targeted to provide drinking water to 92,794 beneficiaries. The CWPM and distribution systems were not completed for want of road cutting permission from PWD. The KWA approached PWD only during January 2014 for the purpose.

Lack of co-ordination between KWA and PWD resulted in non-obtaining of road cutting sanction. Since the work relating to CWPM, distribution system and OHSR was still incomplete, the scheme could not become operational even after incurring an expenditure of ₹ 6.19 crore.

The MD, KWA replied (January 2016) that road cutting permission was yet to be received.

#### **4.5.5.3 Permission for Rail crossing**

#### **SAARK WSS to Feroke and Karuvanthuruthi villages in Kozhikkode District**

The AS for the work was accorded during November 2010 for completion by 31 March 2013. The scheme was envisaged to provide drinking water to 50,277 beneficiaries. The main feeder line from the OH tank had to cross the railway line near Feroke railway station. A suitable location across railway track at Feroke yard was identified by the Railways and KWA was directed (August 2011) to submit the estimate of the work along with centage charges to Railways. Though KWA submitted detailed estimate for laying pipes across the railway track and remitted centage charges to Railways in August 2011, the Railways, after a lapse of three years informed (October 2014) that it was not permissible to cross the track at the proposed point due to technical reasons and suggested shifting the point of crossing to another location. Though KWA had agreed (December 2014) to this proposal, no further progress was achieved in the matter.

Audit observed that the failure of KWA to lay the distribution line across the railway track had resulted in potable water not being made available to the residents of Feroke and Karuvanthuruthi villages. An expenditure of ₹ 43 crore (March 2015) incurred on the scheme had remained unfruitful.

The reply of Executive Engineer (September 2015) stating that the permission for rail crossing was awaited was not acceptable as KWA had failed to obtain the same from Railways before commencement of work. Further, the MD, KWA replied (January 2016) that it was decided to supply water from gravity main of JICA and the above scheme was included in the State Plan and not in SAARK.

The reply was not correct as the AS for the work was accorded (November 2010) under SAARK by the MD, KWA.

Thus delay in getting permission from the government departments and other agencies resulted in non-completion of five schemes and the beneficiaries could not get potable water.

#### **4.5.6 Delay in finalization of tenders**

Government issued instructions (May 2007) that in order to avoid delay in tendering of works, the works should be tendered within three weeks after getting administrative sanction. Further, the MD, KWA directed (June 2008) that the entire tendering process in respect of works falling under NABARD should be completed within 60 days from the date of notification or date announced by his Office. This has been extended to those works taken up under SAARK with effect from November 2009. Audit scrutiny revealed that 48 to 69 months were taken to finalise the tenders as against 60 days prescribed by the Government resulting in delay in completion of three schemes.

##### **4.5.6.1 NABARD WSS to Nadapuram, Kozhikkode District**

The AS for the scheme was accorded during August 2008 for ₹ 10.63 crore and the works were to be completed by 31 March 2011. The scheme was envisaged to provide drinking water to 79,036 beneficiaries. The work for

RWPM<sup>76</sup>, CWPM and Gravity main was first tendered on 26 August 2008 and submitted to MD on 4 November 2008. The MD forwarded it to the Government only on 24 January 2010. The Government ordered (31 January 2011) to retender the work due to high rate quoted by the contractor. The estimate for the work was revised based on SOR 2012 and retendered during November 2012.

Delay in finalising the tender in the above instances further led to delays in finalising the tender (July 2014) for supply and erection of transformer and allied works by 69 months. The work remained incomplete leading to unfruitful expenditure of ₹ 4.63 crore (March 2015).

The MD, KWA accepted (January 2016) the audit observations and stated that the transformer erection work was in progress.

#### **4.5.6.2 NABARD-WSS to Kuttiyadi, Kozhikode District**

The AS for the scheme was accorded during August 2008 for ₹ 5.03 crore and the works were to be completed on 31 March 2011. The work for RWPM, CWPM and Gravity main was first tendered on 26 August 2008 and submitted to MD on 4 November 2008, who forwarded it for submission to Government only on 24 January 2010. The Government ordered (31 January 2011) to retender the work due to high rate quoted by the contractor. The estimate for the work was revised based on SOR 2010 and retendered during January 2012.

Delay in finalising the tender in the above instances further resulted in delay in finalising the tender (July 2014) of transformer work (common component with WSS to Nadapuram) by 69 months.

The MD, KWA, while confirming (January 2016) the audit observations stated that all works except transformer erection had been completed and the scheme was commissioned by connecting to an existing scheme.

The reply, however, failed to explain retention of tender at the office of the MD, KWA for 26 months which resulted in delay in finalization of tender and escalation in costs, which calls for fixing of responsibility.



#### **4.5.6.3 SAARK-RWSS to Belur, and adjoining villages in Kasargod District**

The AS for the scheme was accorded during February 2011 for completion by March 2013 at an estimated cost of ₹ 17 crore. The scheme was envisaged to provide drinking water to 35,558 beneficiaries. Technical sanction for the work was issued by the Chief Engineer (North) on 23 August 2011 i.e. six months after issuance of AS. Tender for the work was invited on 27 July 2012. This had resulted in a delay of 16 months from the date of issuance of AS.

The KWA could not finalise the tender for erection of centrifugal pump sets even after inviting tenders four times due to lack of response. This had resulted in delay in finalising tender of pump sets by 48 months. The work remained incomplete leading to unfruitful expenditure of ₹ 11.23 crore.

The MD, KWA replied (January 2016) that rates for these pump sets fixed by KWA in 2011 had not been revised. The low rates fixed and stringent tender conditions regarding warranty, etc., had resulted in KWA finding it difficult to get competitive bidders for centrifugal pump set.

Failure of KWA to rectify the identified problems had resulted in its inability to complete the Scheme.

The delay in tendering had resulted in the timelines set by NABARD and KWA for completion of WSS redundant.

#### **4.5.7 Conclusion**

The KWA had failed in obtaining hindrance free land, permissions for road cutting/rail crossing besides delaying finalization of tenders which led to noncompletion/partial commissioning of various WSS. The delay in completing the schemes resulted in blocking of funds to the tune of ₹ 97.50 crore besides denying potable water to the targeted population of 8.21 lakh in respect of eight schemes which remain incomplete (January 2016).

#### *4.11 Avoidable expenditure on e-procurement services incurred by Kerala Water Authority*

**Kerala Water Authority incurred an avoidable expenditure of ₹ 1.42 crore due to failure to migrate to free e-tendering/e-procurement service offered by Government of Kerala.**

The Kerala Water Authority (KWA) executed an agreement with Karnataka State Electronics Development Corporation (KEONICS) (December 2008) for publishing tender notices in the portal, uploading tender documents to the e-tendering site and assisting in contractor enrolment, bid submission and bid opening under the internet based tendering system. The contract was extended from February 2009 to January 2010 (one year), February 2010 to January 2012 (two years) and February 2012 to January 2015 (three years) and further extended till 31 July 2015.

Meanwhile, Kerala was selected (June 2008) as one of the pilot States for implementation of e-Government Procurement (e-GP), a Mission Mode Project under National e-Governance Plan of Government of India (GOI). The project aimed at enhancement of transparency and efficiency in public procurement activities and monitoring on real time basis. Subsequently, GOI informed that a standardised e-procurement system which was free for all departments and organizations under GOK was planned to be implemented using the e-procurement solution (GePNIC) developed by National Informatics Centre (NIC). GOK recognising the benefits<sup>77</sup> to accrue out of the implementation of e-GP project directed (June 2011) all State Government departments to adopt the above system. It was also stated that those departments which had adopted a 3rd party solution were to migrate to the GePNIC solution as and when it was operational. GOK issued directions (December 2011) for implementation of the project and selected four<sup>78</sup> departments for inclusion in the pilot phase of the project. The system was to be rolled out to other government departments across the State on successful completion of pilot phase.

The free e-GP project became operational in the State on 7 December 2011. Audit noticed that KWA, instead of migrating to e-GP, extended its contract with KEONICS for a further period of three years from February 2012 to January 2015. KWA had incurred an expenditure of ₹ 31.42 crore being charges for service

77 Complete project cost will be borne by GOI for two years, necessary back-end hardware and Software to be installed and maintenance of the National Data Centre by NICS, customization of e-procurement solution by NIC as per the States requirements, Manpower for training and hand holding support to be provided by empanelled agencies of NICS and Central help desk facilities by NICS for phone-e-mail support.

78 Public Works, Water Resources, Transport and Police Departments

provided by KEONICS during the period May 2013 to May 2015. Meanwhile, the Departments of Public Works, Transport, Police and Irrigation (under Water Resources Department) implemented e-GP during December 2011 to October 2013.

The reluctance of KWA to migrate to e-GP and decision to continue with KEONICS is evident from the fact that it had sought (July 2013) the remarks of the Kerala State Information Technology Mission (KSITM) for continuing the usage of e-Tendering portal of KEONICS. KWA was advised by KSITM to reduce the exposure to the e-Tendering system of M/s. KEONICS and adopt the GePNIC solution of GOK in a phased manner. Audit noted that despite GOK setting deadline to migrate to e-GP, no steps were initiated by KWA until August 2014 when the High Level Committee of KWA decided to obtain the features of GePNIC solution from NIC. Justification was lacking on the part of KWA for extending the contract with KEONICS for a further period of three years from 2012 to 2015 when the free e-GP service offered by GOK was functional from December 2011.

To enable smooth transition to GePNIC solution, KWA could have extended its contract with KEONICS for one year 2012-13, instead of three years (2012-2015). Due to its laxity in taking effective steps to migrate to the free e-GP solution offered by GOK and the inexplicable extension of contract with KEONICS for three years, KWA incurred an avoidable expenditure of ₹ 1.42 crore during the period 2013-2015.

The Secretary, Water Resources Department stated (September 2015) that the Government Order of June 2011 to implement e-GP was communicated to KWA in October 2012, by which time extension of work order had already been given to KEONICS for three years and agreement executed in August 2012. It was also stated that NIC portal was then in its primitive form and that KWA had since switched over to e-GP for e-tendering in June 2015 after ascertaining its effectiveness.

The reply of the Secretary is contrary to the facts since GOK, as early as in June 2011, besides directing all Government departments to adopt e-GP System also ordered all those departments using third party solutions to migrate to the

e-GP. Moreover, Water Resources Department was identified by GOK in December 2011 as one of the four departments for inclusion in the pilot phase of the project with the Secretary nominated as a member of core committee for implementation of the project. Hence, the Secretary was aware of the e-GP solution offered by GOK when KWA decided to extend its contract with KEONICS for a further period of three years from 2012. The contention of the Secretary that the e-GP portal was in primitive mode was also misleading in view of the fact that while final extension of contract with KEONICS was made in August 2012, KWA decided to obtain the features of e-GP solution only in August 2014.

[Audit paragraphs 4.5 and 4.11 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March, 2015 (General and Social Sector)]

### **Discussion and Findings of the Committee**

1. The Committee was perturbed to note that the main audit objection about Kerala Water Authority is its inefficiency in commissioning Water Supply Schemes (WSS) in a time bound manner, even though these schemes were financially assisted by many national agencies like NABARD, JICA, SAARK, JNNURM, UIDSSMT etc.

2. The Committee observed that as on March 2015 completion of the schemes under NABARD and SAARK was delayed by 24 to 48 months from the targeted dates and were still incomplete, violating the conditions for financial assistance that the projects should be completed within two years. The Committee was astonished to note that there were 269 incomplete WSS on which ₹ 3651.75 crore had already been incurred.

3. The Committee found that non availability of required land caused the delay in the completion of schemes of Water Authority and three schemes were remaining incomplete as on October 2015 due to non compliance of the norms of NABARD and sought explanation from the Secretary, Water Resources Department.

4. The Secretary, Water Resources Department admitted the above mentioned faults pointed out by the Committee and confessed that indisciplined and improper way of functioning in the past has had an impact on the performance, efficiency and revenue of Kerala Water Authority. She explained that at present they were focussing on installation of production component first, and then proceed for distribution and therefore have adopted a Project Management Schedule for organized project implementation, so as to complete the work in time. She added that Kerala Water Authority have negotiated purchases to ensure availability of land. She further explained that they were trying to reduce the tender cycle and the delay in getting permissions to road cutting and rail crossing to ensure that the project Management Schedule was followed. The witness assured the Committee that they are trying their best to perform better by taking up developmental works maintenance, regular operation, revenue collection etc. with their existing capacity.

5. The Committee enquired about the loans and financial assistance availed by KWA from various financial agencies and also about the financial expenditure of various schemes of Kerala Water Authority. The Secretary, Water Resources Department responded that they have already collected all the needed information regarding the schemes assisted by NABARD and NRDWP.

6. The Committee was disappointed to note that an extra expenditure of more than ₹ 5 crore and ₹ 10 crore has been seen incurred for various schemes without commissioning the schemes thereby denying potable water to 39,6870 beneficiaries. The Committee seriously viewed this as a grave offence and an instance of financial mismanagement and severely criticized the incapable financial management of Kerala Water Authority.

7. To the query of the Committee regarding sanction of rail crossing, the Secretary replied that they had been approaching the railway authorities since 2008 but railway was not considering requests of Kerala Water Authority. The Committee severely criticized the Kerala Water Authority for not conducting feasibility study and ensuring the related resources before taking up a project.

8. The Committee criticized the Water Authority for its recurring practice of not commissioning projects in time and disorganized methodology in implementing schemes and remarked that KWA declares schemes without conducting feasibility study on various aspects including availability of land and water resources; there by investing huge amounts unfruitfully to implement the schemes without prior approval, for road cutting and rail crossing from PWD and Railways. The Committee vehemently criticized Kerala Water Authority for its failure in acquisition of adequate land resulting in the three schemes remaining incomplete and remarked that inspite of adequate staff pattern, the functioning of KWA is not up to the mark. The Committee strongly condemned the irresponsibility and indiscipline that has been prevailing in the functioning of KWA.

9. The Committee was perturbed to note that Kerala Water Authority incurred an expenditure of ₹ 142.08 crore on 11 incomplete Water Supply Schemes having financial assistance from NABARD & SAARK, as on March 2015. The Committee noticed that as per the norms, the Water Supply projects with NABARD & SAARK assistance were to be completed within 2 years from the date of Terminal Sanction, but these schemes were delayed by 24 to 48 months from the targeted date. The Committee learned that these projects were being prolonged even after availing loan from NABARD and lambasted the lethargic attitude followed by Kerala Water Authority in providing potable water facility to the public. The Committee sought the reason for such inordinate delay in completing projects and enquired whether there was dearth of technical staff or lack of sufficient fund which hinders the completion of the said schemes. The Managing Director replied that Kerala Water Authority was successful in completing many of its schemes on time, but some schemes got prolonged due to delay in obtaining sanctions for road cutting and rail crossing and delay in timely acquisition of land etc. which was not under the control of Kerala Water Authority. The Committee blamed the officials of Kerala Water Authority for dereliction of duty.

10. The Committee enquired about the delay in completion of WSS due to non-acquisition of land. The Managing Director replied that almost all works had

been completed partially or fully. The Committee noted that three Schemes two in Thiruvananthapuram district and one in Thrissur district were still remaining incomplete due to non-acquisition of required land and sought explanation for the delay.

11. The witness stated that out of 44 packages of works 34 had been approved. She explained that by reducing tender cycle and by conducting pre bid meeting, Water Authority was trying to attract the contractors and were trying their best to complete the projects in time. She added that they had appointed retired Tahsildars for land acquisition process. The Committee opined that appointing Tahsildars who are continuing in service would be more effective than appointing retired officers.

12. Expressing its dissatisfaction over the inordinate delay in completing projects, the Committee was appalled to see that people were facing difficulties in getting drinking water in the recent drought and Kerala Water Authority failed to raise to the occasion. It remarked that there appeared to be deliberate delay on the Part of Kerala Water Authority in not completing the works which were nearing completion.

13. The Committee enquired about the functions of the Committee formed with District Collector as Chairman and officials of Electricity Board, Water Authority officials and BSNL officials as members. The Secretary responded that the above said committee only grants permission, but they don't check the cost of work demanded by PWD which varies region wise.

14. The Committee enquired about the possibility of adopting push and pull technology in Kerala Water Authority projects. The witness replied that this technology was comparatively expensive and could not be applied for pipes with larger diameter.

15. The Committee noted that a delay of 48 to 69 months was seen occurred in finalising the tenders as against 60 days prescribed by Government resulting in delay in completion of three WSS in Kozhikode and Kasargod districts, under NABARD and SAARK assistance.

16. The Committee learned that due to delay in finalization of tender, WSS to Nadapuram and Kuttiyadi, Kozhikode District under NABARD assistance was delayed by 69 months leading to an unfruitful expenditure of ₹ 4.63 crore, and delay of 48 months in WSS to Belur, Kasargod District under SAARK resulting in an unfruitful expenditure of ₹ 11.23 crore. The Committee strongly criticized the languid nature of Kerala Water Authority in completing the above mentioned schemes.

17. The witness admitted the fault and stated that strict directions has now been issued to the officials of Water Authority to avoid the delay in tender process. She further explained that the tenders below ₹ 5 crore were to be finalized by Regional Chief Engineer and those above ₹ 5 crore were forwarded to Government. The witness then elaborated the tendering process and the time taken to carry out the process in each level of tender. She added that in order to minimize the delay, a new efficient team of officers have been authorized. To a query of the Committee the Managing director replied that out of 47 schemes mentioned in the audit report, 40 have been fully commissioned and 6 out of remaining 7 had been partially commissioned. The Committee expressed its strong discontent with the reply of the witness.

18. The Committee pointed out that the delay in tender procedure was due to the deferment of tender for the expected bidder. The Committee also opined that any loss incurred due to price escalation could be realized from the responsible officers.

### **Recommendations**

19. The Committee recommends to constitute a high level committee with Chief Secretary as Chairman and Secretary, Public Works Department and Water Resources and Railway Divisional Manager and representatives of BSNL as its members, to monitor and to review the Water Supply Scheme already implemented and those which are proposed to be executed by the authority and to take appropriate decision for removing hurdles such as road cutting and land acquisition so as to complete the projects in time.



20. The Committee suggests that the proposed high level committee should be in a decentralized manner and should be in a 2 tier system with District Collector as Chairman of the District Level Committee and Chief Secretary as Chairman of the State Level Committee. It insists that the high level committee should be formed immediately and should assess the total projects of Kerala Water Authority, their cost and present stage of projects and should meet regularly.

21. The Committee recommends that regional meetings should be convened with the participation of people's representatives for evaluating the present stage of the ongoing projects.

22. The Committee observes that the process of land acquisition is time consuming and suggests that Water Authority should appoint adequate number of officers from revenue and survey departments on deputation basis for the purpose. The Committee insists that availability of land as well as required fund should be ensured for land acquisition before the initiation of schemes.

23. The Committee asked for a detailed report on the Water Supply Schemes of Kerala Water Authority including present stage of ongoing Water Supply Schemes, and the number of pending schemes out of which how many of them to be commissioned and the number of delayed projects.

24. The Committee directs to furnish a detailed report regarding the reason for the delay in completing the various water supply schemes assisted by NABARD and SAARK and their present status. The Committee insists that Kerala Water Authority should strictly comply with the norms in the loan sanctioning orders of NABARD and SAARK.

25. The Committee directs that Kerala Water Authority should ensure all the necessary requirements like availability of land, permission to rail/road cuttings etc. before proceeding for implementations of Water Supply Schemes.

26. The Committee wants to be furnished with an explanation for the delay in finalization of tenders in Water Supply Schemes to Nadapuram and Kuttiyadi, Kozhikode District under NABARD assistance and Water Supply Schemes to Belur, Kasargod District under SAARK along with present status of the schemes.

27. The Committee directs to examine the possibility of making use of push and pull technology in Water Supply Schemes of Kerala Water Authority in appropriate areas.

28. The Committee exhorts to avoid deliberate delay on the part of Kerala Water Authority in completing the works of schemes which were nearing completion and to provide potable water to its consumers. The Committee recommends that Kerala Water Authority should rise to the occasion and strengthen its internal mechanism to tackle water supply crisis.

29. The Committee wants to be informed of the details of the alternate arrangements including its present status put forward by Kerala Water Authority in order to avoid National Highway/Rail cuttings in implementing the Water Supply System-NABARD-RDWSS to Kazhakkuttam.

30. The Committee vehemently criticizes the laxity of KWA in taking effective steps to switch over to the free e-GP solution offered by Government of Kerala rather than adhering to the agreements with KEONICS (Karnataka State Electronics Development Corporation), there by incurring an expenditure of ₹ 1.42 crore to the state exchequer. The Committee suspects vested interest behind this and demands to furnish a detailed report on this. The Committee recommends to take stringent disciplinary action against the defaulters.

31. The Committee expresses its strong displeasure over WRD and Kerala Water Authority for not furnishing the RMT statements on the audit objection relating to para 4.5 and 4.11 contained in the audit Report (2014 -15) till date even after the assurance given by the Secretary, Kerala Water Resources Department before the Committee that it will be furnished within one week. The Committee finds that even after sending repeated reminders RMT statements are not furnished till date. The Committee wants to take action against the responsible officials for dereliction of duty.

32. The Committee urges that there should be a co-ordination between the works of Public Works Department and Kerala Water Authority for the smooth implementation of projects in order to avoid inordinate delay. The Committee suggests to solve the problems relating to road cutting and pipe fitting between Public Works Department and Kerala Water Authority by healthy co-operation and timely co-ordination.

33. The Committee wants to know the present status of the Accelerated Urban Water Supply Schemes to Pudukkad, Thrissur District and Comprehensive Water Supply Schemes to Parassala, Marukil Villages and Pallichal, Balaramapuram and Vilavoorkal Panchayaths of Thiruvananthapuram District.

Thiruvananthapuram,  
19<sup>th</sup> June, 2018.

C. DIVAKARAN,  
*Chairman,*  
*Committee on Public Undertakings.*

## APPENDIX I

**SUMMARY OF MAIN CONCLUSIONS / RECOMMENDATIONS**

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations
1	2	3	4
1	19	Water Resources Department	The Committee recommends to constitute a high level committee with Chief Secretary as Chairman and Secretary, Public Works Department and Water Resources and Railway Divisional Manager and representatives of BSNL as its members, to monitor and to review the Water Supply Scheme already implemented and those which are proposed to be executed by the authority and to take appropriate decision for removing hurdles such as road cutting and land acquisition so as to complete the projects in time.
2	20	Water Resources Department	The Committee suggests that the proposed high level committee should be in a decentralized manner and should be in a 2 tier system with District Collector as Chairman of the District Level Committee and Chief Secretary as Chairman of the State Level Committee. It insists that the high level committee should be formed immediately and should assess the total projects of Kerala Water Authority, their cost and present stage of projects and should meet regularly.
3	21	Water Resources Department	The Committee recommends that regional meetings should be convened with the participation of people's representatives for evaluating the present stage of the ongoing projects.

1	2	3	4
4	22	Water Resources Department	The Committee observes that the process of land acquisition is time consuming and suggests that Water Authority should appoint adequate number of officers from revenue and survey departments on deputation basis for the purpose. The Committee insists that availability of land as well as required fund should be ensured for land acquisition before the initiation of schemes.
5	23	Water Resources Department	The Committee asked for a detailed report on the Water Supply Schemes of Kerala Water Authority including present stage of ongoing Water Supply Schemes, and the number of pending schemes out of which how many of them to be commissioned and the number of delayed projects.
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8	26	Water Resources Department	The Committee wants to be furnished with an explanation for the delay in finalization of tenders in Water Supply Schemes to Nadapuram and Kuttiyadi,

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			Kozhikode District under NABARD assistance and Water Supply Schemes to Belur, Kasargod District under SAARK along with present status of the schemes.
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10	28	Water Resources Department	The Committee exhorts to avoid deliberate delay on the part of Kerala Water Authority in completing the works of schemes which were nearing completion and to provide potable water to its consumers. The Committee recommends that Kerala Water Authority should rise to the occasion and strengthen its internal mechanism to tackle water supply crisis.
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15	33	Water Resources Department	The Committee wants to know the present status of the Accelerated Urban Water Supply Schemes to Pudukkad, Thrissur District and Comprehensive Water Supply Schemes to Parassala, Marukil Villages and Pallichal, Balaramapuram and Vilavoorkal Panchayaths of Thiruvananthapuram District.

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