



Financing **WASH** A Micro Analysis

The Backdrop

The process of development necessitates a bird's eye view on every aspect of its ladder. Of all the components, those of clean and safe drinking water and sanitation are imperative, as these help determine the overall status of health and well-being of a society. As per India's decentralized governance model, for the component of water and sanitation, the union government has not only laid out well-defined overall policies, it also allocates annual budgets for the same through the centrally sponsored schemes and finance commission funds. The provisions of drinking water and sanitation, however, are state subjects. Thus, the state government designs state specific policies and supports through state sponsored schemes and state finance commission funds. Furthermore, the responsibility of providing safe drinking water and ensuring sanitation, are also the responsibilities of the local government. This brief focuses on financing of rural water supply and sanitation.

In Figure 1, we can see that the percentage of budget allocated to water and sanitation in the state budget increased sharply in 2019-20. This is not surprising since in November 2018 the state government launched the Buxi Jagabandhu Assured Drinking Water to Habitations (BASUDHA) scheme to provide piped water supply to all households.

The percentage share of budget allocated towards water and sanitation slightly decreases from 2019-20 to 2020-21 from 6.09 per cent to 5.81 percent of the total state budget, then it increases again in 2021-22 comprising 6.22 percent of the total state budget.

Figure 1: Allocation on Water and Sanitation in Odisha state budget (%)

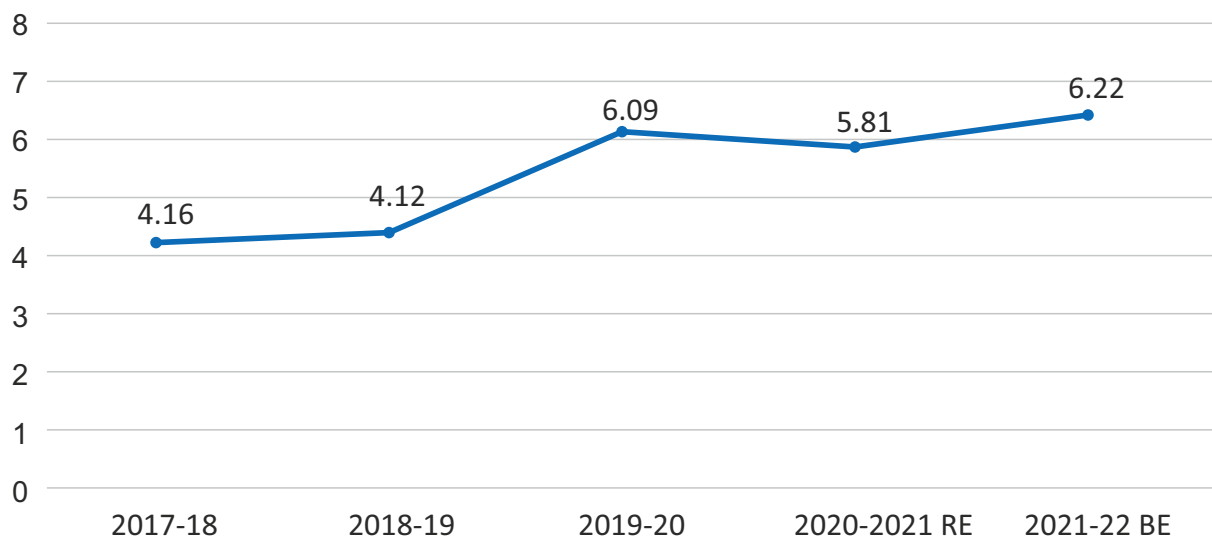
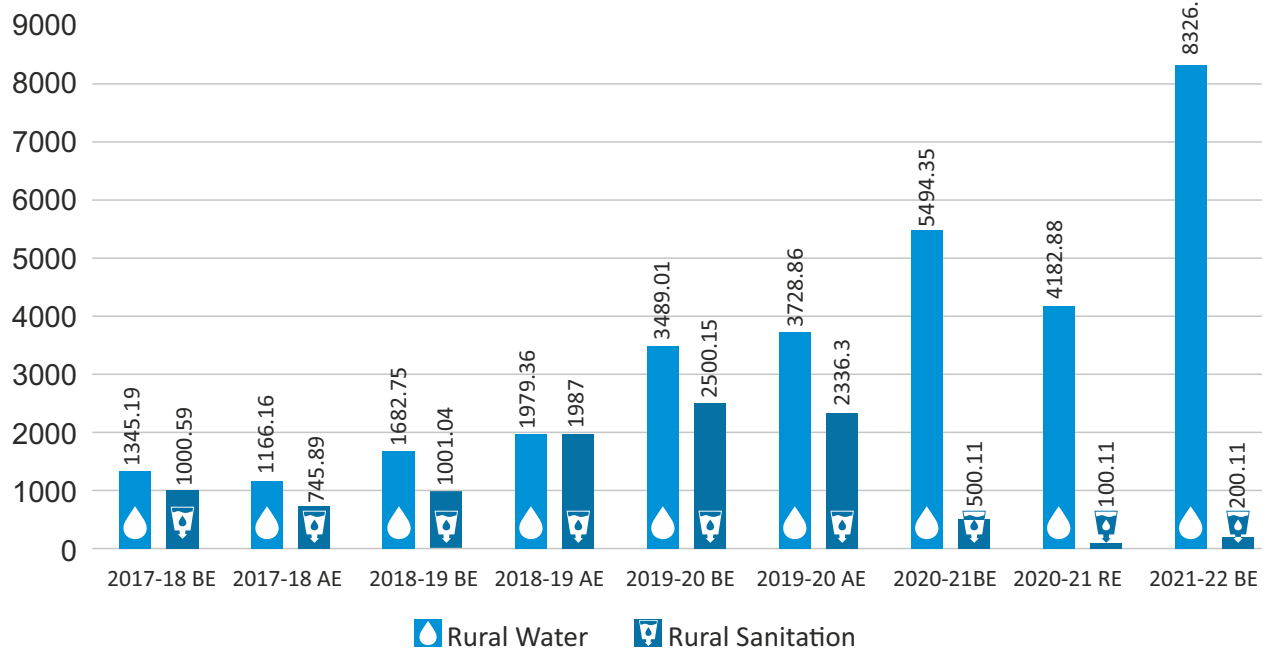


Figure 2: Odisha State Budget Allocation on Rural Water and Rural Sanitation (in Rs Cr)



In Figure 2, we can see that the actual allocation made towards water (rural) has been increasing since 2017-18. There is a significant increase (by 76%) from 2018-19 to 2019-20. As mentioned above, this must be because of the launch of the BASUDHA scheme. There is another significant increase in rural water allocation in 2021-22 (by 99%). In terms of sanitation, we can see a steady decline 2020-21 onwards. This period coincides with the end of Swachh Bharat Mission Phase 1.

The Panchayat Scenario

Gram Panchayats have been mandated to prepare Gram Panchayat Development Plans (GPDP) for ensuring overall economic development and social justice in the Panchayat. Needless to say, the Gram Panchayats have substantial role in the effective and efficient implementation of governments' flagship schemes/programmes on subjects of National Importance for transformation of rural India. The GPDP planning process thus needs to be inclusive and must be participatory which includes full convergence with schemes of all related Central Ministries/Line Departments associated with 29 subjects enumerated in the Eleventh Schedule of the Constitution, including drinking water and sanitation.

As per the recommendation of 15th finance commission, panchayats can spend up to 60 percent of their total budget towards water supply and sanitation.

Allocation on Water and Sanitation in Gram Panchayats

In this section we will discuss the budget allocations made towards water supply and sanitation by the three Gram Panchayats that were covered in our study.

Table 1: Allocated Budgets for Water, Sanitation and Total Planned Outlay of three panchayats

Gram Panchayat	Budget Heads	2019-20		2020-21		2021-22	
		(in INR)	(%age of total outlay)	(in INR)	(%age of total outlay)	(in INR)	(%age of total outlay)
Agasti Nuagaon	Water	1197000	25%	1070000	27%	740426	17%
	Sanitation	0	0%	410851	10%	740425	17%
	Total Outlay	4746807	100%	3947654	100%	4343402	100%
Arya Palli	Water	619000	13%	1390851	35%	740426	20%
	Sanitation	200000	4%	90000	2%	1024860	28%
	Total Outlay	4746807	100%	3947654	100%	3653142	100%
Kanmana	Water	836000	18%	658107	17%	740426	17%
	Sanitation	1430000	30%	1432744	36%	740425	17%
	Total Outlay	4746807	100%	3947654	100%	4339309	100%

¹https://gpdp.nic.in/resources/PPC-2020_Booklet.pdf

²<https://www.mea.gov.in/Images/pdf1/S11.pdf>

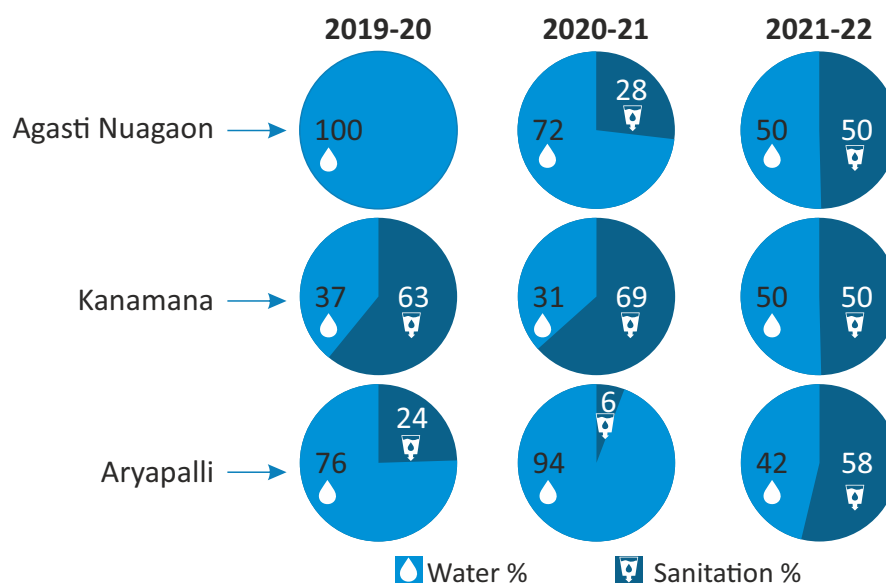
³<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1750188>

⁴The study is part of the Pragati project, aimed at promotion of hygiene in three Gram Panchayats of Ganjam district, comprising of two parts: demand generation through hygiene awareness and meeting the demand through skill building on soap making.

As table 1 shows, during 2019-20 and 2020-21 FY, the share of water supply and sanitation was ostensible in case of Agasti Nuagaon and Aryapalli panchayat. However, Kanamana panchayat allocated 18 and 30 percent and 17 and 36 percent, towards water and sanitation, respectively in the stated years.

In 2021-22 Financial Year, out of the total planned outlay of three panchayats, Kanamana panchayat allocated a total of 34 percent, Aryapalli panchayat a total of 48 percent and Agasti Nuagaon panchayat a total of 34 percent towards water supply and sanitation.

Figure 3: Share of water and sanitation in total water and sanitation budgets allocated in the three Gram Panchayats



As shown in Figure 3, in terms of Water and Sanitation budget allocations, in Agasti Nuagaon and Arya Palli Gram Panchayats, the percentage of budget allocated for water, in 2019-20 and 2020-21 financial years, were more than that for sanitation. In 2021-22, the percentage of sanitation in the total water and sanitation budget in both the Gram Panchayats increased significantly to match (in the case of Agasti Nuagaon) or even exceed (in the case of Aryapalli) that of water. In the case of Kanamana Gram Panchayat, on the other hand, the percentage of sanitation budget in the total water and sanitation budget exceeded that of water in 2019-20 and 2020-21. In 2021-22, the budgets allocated for sanitation and water in Kanamana Grama Panchayat, however, were equal.

Box 1: Activities budgeted for water and sanitation in Gram Panchayat Annual Plan

<p>Drinking Water</p> <ul style="list-style-type: none"> • Payment towards Self Employed Mechanic salary • Digging of new tube well • Beautification of well • Water supply of high school 	<p>Sanitation</p> <ul style="list-style-type: none"> • Construction of micro composting centre • Completion of incomplete micro composting centre • Purchase of dustbin • Construction of drain
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