



FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2023-2026)**

TWENTY FIRST REPORT
(Presented on 1st February, 2024)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2024

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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ON
PUBLIC UNDERTAKINGS
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TWENTY FIRST REPORT

On

Kerala Water Authority

**Based on the Report of the Comptroller and Auditor General of India
for the year ended 31st March, 2016 (General & Social Sector)**

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COMMITTEE ON PUBLIC UNDERTAKINGS
(2023-2026)

COMPOSITION

Chairman :

Shri E. Chandrasekharan.

Members :

Shri A. P. Anil kumar

Shri Anwar Sadath

Shri Ahammad Devarkovil*

Shri T. V. Ibrahim

Shri P. Mammikutty

Shri K. P. Mohanan

Shri D. K. Murali

Shri P. Nandakumar

Shri Kadakampally Surendran

Shri P. Ubaidulla.

Legislature Secretariat :

Shri Shaji C. Baby, Secretary-in-charge

Shri Venugopal R., Joint Secretary

Smt. Jayasree M., Deputy Secretary

Shri Mohanan O., Under Secretary.

*In the vacancy of Shri K. B. Ganesh Kumar sworn in as Transport Minister w.e.f. 16.01.2024.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2023-26) having been authorised by the Committee to present the Report on its behalf, present this 21st Report on The Kerala Water Authority based on the report of the Comptroller and Auditor General of India for the year ended 31st March, 2016 relating to the General and Social Sector.

The aforesaid Report of the Comptroller and Auditor General of India was laid on the Table of the House on 22-5-2017. The consideration of the audit paragraphs included in this report and the examination of the departmental witness in connection thereto were made by the Committee on Public Undertakings (2021-2023) at its meeting held 14-12-2021.

This Report was considered and approved by the Committee(2023-26) at its meeting held on 22-12-2023.

The Committee place on record its 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 Secretariat and the Kerala Water Authority for placing the materials and information solicited in connection with the examination of the subject. The Committee also wishes to thank in particular the Secretaries to Government, Water Resources and Finance Department and the officials of the Kerala Water Authority who appeared for evidence and assisted the Committee by placing their views before the Committee.

Thiruvananthapuram,
1st February, 2024.

E. CHANDRASEKHARAN,
Chairman,
Committee on Public Undertakings.

REPORT
ON
KERALA WATER AUTHORITY
Audit para 5.6 (2015-16)

Unproductive expenditure on work due to non-availability of adequate land.

Contrary to the directions of Kerala Water Authority, tenders were invited for a water supply scheme without ensuring physical possession of adequate land, resulting in unproductive expenditure of ₹4.18 crore, besides denial of potable water to the targeted population.

The Kerala Water Authority(Powers of Employees) Regulations, 1999 provided unlimited powers to the superintending Engineer(SE) who is responsible for inviting tenders and execution of agreements. The Kerala Water Authority(KWA) directed its officers (July 2001 and reiterated in September 2008) not to tender any work unless the entire land required for completion of the scheme was in complete physical possession of KWA. Land for Water Supply Scheme was to be made available to KWA by the respective Grama Panchayaths(GP) free of cost.

Government of Kerala (GoK) accorded Administrative Sanction (December 1995) for ‘Accelerated Rural Water Supply Scheme(ARWSS) to Veliyannoor and adjoining villages-Phase-II’ for ₹6.50 crore which was subsequently revised to ₹9.50 crore in April 2003. The project was intendend to supply water to Njeezhoor, Kuravilangad and parts of Kaduthuruthy villages. Package - I included laying of pipelines for supply of water to the Sump and connectivity from the Sump to Overhead Service Reservoir(OHSR) at Oleekkamala while Package- II work included construction of 74,000 litre capacity Sump cum Pump house at Thottuva and construction of five lakh litre capacity OHSR at Oleekkamala.

Tenders for Package-I and Package-II were invited by SE in January and March 2009 respectively. Package- I work was awarded (July 2009) for ₹4.06 crore and the work was completed (except for some gap bridging work)at a cost

of ₹4.18 crore (April 2013). The work on Package-II was awarded (July 2009) for ₹4.11 crore for completion within nine months from the date of work order.

We, however, observed that the Package-II work was yet to be completed due to failure of KWA to ensure physical possession of adequate suitable land as shown below:

- Against a minimum 400 m² land required for construction of a five lakh litre capacity OHSR, the Kuravilangad GP handed over to KWA only 304 m² of land atop a hill with no approach.
- Land measuring 20 m² handed over to the KWA by the Kuravilangad GP for construction of Sump cum Pump house at Thottuva, was occupied by its own pump house for another scheme which needed to be relocated.

As the required land could not be handed over to the contractor even after 33 months of completion of pipe laying works, the SE ordered (March 2013) to terminate the contract exempting the contractor from carrying out construction of OHSR and Sump.

The action of the SE in executing the work of laying pipelines at a cost of ₹4.18 crore under Package-I and his failure in not taking up work on the construction of the Sump and OHSR under Package-II due to inadequacy of land resulted in non-completion of the water supply scheme and depriving the beneficiaries of potable water.

GoK confirmed (September 2016) that after taking possession of 304 m² of land for overhead tank, rubber plantation was grown in adjoining lands which resulted in lack of motorable access to the land. Also, an existing pump house in the 20 m² land handed over to KWA was not relocated by the GP resulting in inability to proceed with the construction of the sump. GoK further stated that based on the proposal of KWA, a project for undertaking the incomplete work has since been approved (February 2016) for ₹5.13 crore by the State Level Scheme Sanctioning Council.

Reply of GoK was not acceptable in view of the fact that KWA, instead of learning from past mistakes continued to seek and obtain approval from GoK and proposed work without ensuring physical possession of adequate suitable land.

[The Audit paragraph 5.6 contained in the C&AG report on General & Social Sector for the year ended 31st March 2016.]

The notes furnished by the Government on the audit paragraph are given in Appendix II

Discussion and findings of the Committee

Relating the audit para, the Committee criticised Kerala Water Authority for acquiring the land without ensuring its suitability for the project that stood as the major reason for the delay of the project for 25 years that deprived of drinking water to the targeted population. The Committee added that the Government had incurred loss of crores of rupees by carrying out the construction work of package - I without ensuring that the land available for implementation of package - II was not suitable for the project and observed that in 1995, the AS was given to this project for ₹6.50 crore and now the cost of this project has become ₹23 crore and thus resulted in loss of crores of rupees to the Government. The Committee opined that inviting tenders for the various works related to one project together could avoid delay and recommended that Kerala Water Authority should consider comprehensive tendering.

When the Committee enquired whether the pipeline laid in 2013 could be utilised now after remaining idle for more than 8 years, the Secretary informed that it can be examined only after testing by pumping water at an appropriate pressure. The Secretary also added that this project had been included now in the Rebuild Kerala Initiative as a whole.

The Committee considered the revised reply furnished by Kerala Water Authority containing the current status of the project and found that there was a contradiction on the dates mentioned in the two replies received from the Government for the Administrative Sanction under Rebuild Kerala Initiative.

The Committee was astonished to notice that two Administrative Sanctions were granted for the same project and sought explanation for the variation of the G.Os mentioned in the two replies and needed clarification as to which was the actual G.O. The witness responded that the project got inprinciple Administrative Sanction first and then got regular administrative sanction. The Committee enquired whether the work can be started with inprinciple AS and whether inprinciple AS could be obtained without DPR. The witness could not give a convincing reply to the query raised by the Committee.

The Committee criticised the officials for giving confusing statements instead of giving specific replies. Then the Committee directed that the matter should be examined in detail and a reply should be furnished to the Committee along with the Government orders awarding Administrative Sanction to the Project which are mentioned in the replies furnished.

The Committee inquired whether the land procured in Kaduthuruthy village by Water Authority for the construction of the OHSR in Olekkamala is still in possession of KWA. The technical staff informed that though the site for construction for OHSR is in possession of KWA, there was no vehicular access to the tank site earlier and now half cent has been procured further for tank construction and way to the land has been cleared and are being used to transport materials and the work is in progress. The Committee directed that the project should be completed within one year and a reply should be furnished to the Committee two months after its completion. The witness replied that the above work has been re-scheduled to start w.e.f. December 2022.

The Committee observed that the approval for the projects had been obtained without ensuring physical possession of adequate suitable land and it prevents timely completion of the projects.

The Committee pointed out that the Kerala Water Authority used to demand more land than they need for the projects and enquired whether any direction was given to restrict it. The Secretary responded that strict instructions had been given to Kerala Water Authority not to demand land unnecessarily for the projects.

The Committee opined that instead of buying land by Panchayats, the Water Authority should take steps to acquire the necessary land needed to start the project. The Secretary informed that water authority had no sufficient fund to consider this proposal.

The Committee observed that many works could not be completed due to denial of permission to lay pipelines on the roads being constructed by PMGSY Project and NHAI. The Committee recommended that a mechanism should be constituted to resolve the issues by forming a Committee at the Secretary level.

The Committee pointed out that monitoring of theft and leakages was not effective and it takes about weeks to repair the leakage problems. The Committee suggested that Kerala Water Authority should introduce a fast and effective mechanism to solve such problems immediately.

Conclusions/Recommendations

1. The Committee vehemently criticises Kerala Water Authority for acquiring the land without ensuring its suitability for the project that stood as the major reason for the delay of the project for 25 years that deprived of drinking water to the targeted population. Hence the Committee recommends that suitability study of the land should be conducted before implementation of such projects in future.

2. The Committee opines that inviting tenders for various works related to one project together could avoid delay and recommends that Kerala Water Authority should consider comprehensive tendering.

3. The Committee criticises the officials for giving confusing statements instead of giving specific replies. Hence the Committee directs that the matter should be examined in detail and a reply should be furnished to the Committee along with the Government orders awarding Administrative Sanction to the Project which were mentioned in the replies furnished.

4. The Committee expresses its dissatisfaction that the construction of OHSR at Olekkamala, Kaduthuruthy village has not been completed even if the land was acquired many years ago. At the meeting itself the Committee had

instructed that the project should be completed within one year and a reply should be furnished to the Committee two months after its completion. Hence the Committee recommends that status of the project should be furnished to the Committee.

5. The Committee observes that many works were not completed due to denial of permission to lay pipelines on the roads being constructed by PMGSY Project and NHAI. Hence the Committee recommends that a mechanism should be constituted to resolve the issues by forming a Committee at the Secretary level.

6. The Committee observes that the monitoring of theft and leakages is not effective and it takes about weeks to repair the leakage problems. So the Committee recommends that Kerala Water Authority should introduce a fast and effective mechanism to solve such problems immediately.

Thiruvananthapuram,
1st February, 2024.

E. CHANDRASEKHARAN,
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	1	Water Resources	The Committee vehemently criticises Kerala Water Authority for acquiring the land without ensuring its suitability for the project that stood as the major reason for the delay of the project for 25 years that deprived of drinking water to the targeted population. Hence the Committee recommends that suitability study of the land should be conducted before implementation of such projects in future.
2	2	Water Resources	The Committee opines that inviting tenders for various works related to one project together could avoid delay and recommends that Kerala Water Authority should consider comprehensive tendering.
3	3	Water Resources	The Committee criticises the officials for giving confusing statements instead of giving specific replies. Hence the Committee directs that the matter should be examined in detail and a reply should be furnished to the Committee along with the Government orders awarding Administrative Sanction to the Project which were mentioned in the replies furnished.
4	4	Water Resources	The Committee expresses its dissatisfaction that the construction of OHSR at Olekkamala, Kaduthuruthy village has not been completed even if the land was acquired many years ago. At the meeting itself the Committee had instructed that the project should be completed within one year and a reply should be furnished to the Committee two months after its completion. Hence the Committee recommends that status of the project should be furnished to the Committee.

(1)	(2)	(3)	(4)
5	5	Water Resources	The Committee observes that many works were not completed due to denial of permission to lay pipelines on the roads being constructed by PMGSY Project and NHAI. Hence the Committee recommends that a mechanism should be constituted to resolve the issues by forming a Committee at the Secretary level.
6	6	Water Resources	The Committee observes that the monitoring of theft and leakages is not effective and it takes about weeks to repair the leakage problems. So the Committee recommends that Kerala Water Authority should introduce a fast and effective mechanism to solve such problems immediately.

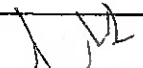
APPENDIX - II

STATEMENT ON REMEDIAL MEASURES TAKEN ON PARA 5.6 OF THE C&AG (GENERAL & SOCIAL SECTOR) REPORT FOR THE YEAR ENDED ON 31.03.2016

OBSERVATION	REMEDIAL MEASURES TAKEN
<p>5.6 Unproductive expenditure on work due to non-availability of adequate land.</p> <p>Contrary to the directions of Kerala Water Authority, tenders were invited for a water supply scheme without ensuring physical possession of adequate land, resulting in unproductive expenditure of Rs.4.18 Crore, besides denial of potable water to the targetted population.</p> <p>The Kerala Water Authority (Powers of Employees) Regulations, 1999 provided unlimited powers to the Superintending Engineer (SE) who is responsible for inviting tenders and execution of agreements. The Kerala Water Authority (KWA) directed its officers (July 2001 and reiterated in September 2008) not to tender any work unless the entire land required for completion of the scheme was in complete physical possession of KWA. Land for Water Supply Schemes was to be made available to KWA by the respective Grama Panchayaths (GP) free of cost.</p> <p>Government of Kerala (GOK) accorded Administrative Sanction (December 1995) for 'Accelerated Rural Water Supply Scheme (ARWSS) to Veliyanoor and adjoining villages -- Phase-II' for Rs.6.50 crore which was subsequently revised to Rs.9.50 crore in April 2003. The project was intended to supply water to Njeezhoo, Kuravilangad and parts of Kaduthuruthy villages. Package-I included laying of pipelines for supply of water to the Sump</p>	<p>The Government had accorded Administrative Sanction for "ARWSS to Veliyanur and adjoining Villages - Phase II for Rs. 6.50 Crore in 1995 which was subsequently revised to Rs.9.50 Crore in April 2003. The project was intended to supply portable drinking water to Njeezhoo, Kuruvilangad and parts of Kaduthuruthy villages. The project consisted of two packages;</p> <p>Package I - consisted of laying of pipe lines (250mm) C.I. class LA gravity main from Kaduthuruthy Junction to sump at Thottuva and laying 200mm CI class B pumping main from Thottuva sump to the proposed O.H.tank at Oleekkamala. The work was awarded to the contractor Sri N.V. Baby for Rs. 4.06 Crore. The work was completed (except the gap closing work) at a cost of Rs. 4.18 crore in April 2013.</p> <p>Package II - consists of laying of 315mm PVC gravity main from OHSR at Jathikkamala to Arunoottimangalam, 280mm PVC gravity main from Arunoottimangalam to Kaduthuruthy Junction, construction of 74000 litre capacity sump at Thottuva and construction of 5.00 lakh litre capacity OHSR at Oleekkamala. The work was awarded to Smt.Ramani S.Nair for Rs. 4.11Crore in July 2009. The Package II was not completed due to the following reasons;</p> <ol style="list-style-type: none"> 1. The Kaduthuruthy Grama Panchayat procured 304 m² land at Oleekkamala in February 2006 and handed over to the Kerala Water Authority free of cost for the construction of O.H.tank. While handing over the land, the entire area was barren and later the adjoining owners of land planted rubber trees around the site of the tank. So there was no vehicular access to the tank site and construction of the tank became impossible. 2. For the construction of sump cum pump-house at Thottuva, land measuring 20 m² had been handed over by Kuravilangad Grama Panchayat. But the land

OBSERVATION	REMEDIAL MEASURES TAKEN
<p>and connectivity from the Sump to Overhead Service Reservoir (OHSR) at Oleekkamala while Package-II work included construction of 74,000 litre capacity Sump cum Pump house at Thottuva and construction of five lakh litre capacity OHSR at Oleekkamala.</p> <p>Tenders for Package-I and Package-II were invited by SE in January and March 2009 respectively. Package-I work was awarded (July 2009) for Rs.4.06 crore and the work was completed (except for some gap bridging work) at a cost of Rs. 4.18 crore (April 2013). The work on Package-II was awarded (July 2009) for 4.11 crore for completion within nine months from the date of work order.</p> <p>We, however, observed that the Package-II work was yet to be completed due to failure of KWA to ensure physical possession of adequate suitable land as shown below:</p> <ul style="list-style-type: none"> • Against a minimum 400 m² land required for construction of a five lakh litre capacity OHSR, the Kuravilangad GP handed over to KWA only 304 m² of land atop a hill with no approach. • Land measuring 20 m² handed over to the KWA by the Kuravilangad GP for construction of Sump cum Pump house at Thottuva, was occupied by its own pump house for another scheme which needed to be relocated. <p>As the required land could not be handed over to the contractor even after 33 months of completion of pipe laying works, the SE ordered (March 2013) to terminate the contract exempting the contractor from carrying out construction of OHSR and Sump.</p>	<p>thus given was already occupied by another pump house which belonged to the Panchayat and that pumphouse had to be relocated in order to start the construction of proposed Sump cum Pumphouse. But the Panchayat failed to relocate the pump house as assured.</p> <p>Even after lapse of 43 months from the date of agreement (29/07/2009), KWA could not hand over the required land to the contractor for Package II. Hence the Superintending Engineer, P.H.Circle, KWA, Muvattupuzha terminated the contract in 03/2013 and exempted the contractor from carrying out the construction of the tank and sump.</p> <p>It may also be seen that apart from the tank and sump, the work under Package II included laying gravity main from OHSR at Jathikkamala to Kaduthuruthy junction and by completing the work of this gravity main, Kerala Water Authority is able to provide drinking water to Njeezhoor Panchayath of Phase II, and two other Panchayaths of the Comprehensive Scheme, namely Kaduthuruthy and Kallara. Therefore the partial completion of the work under Package II has benefitted three Panchayaths.</p> <p>As the pipe line work in Package 1, could be completed before up gradation of road to BMBC standards, no expenditure was incurred towards road restoration charges. If the work was to be taken up now, chances of getting BMBC road cutting sanction would have been difficult and even if permitted, huge amount would have to be remitted towards road restoration charges. Hence, there is no financial loss to Kerala Water Authority on account of arranging the work under Package I, in the year 2009.</p> <p>The land issues at Thottuva & Oleekkamala are at present resolved by the continuous efforts taken by KWA officials, in order to utilize the already laid idling gravity and pumping main. Later, the Kuravilangad Grama Panchayat in the meeting held on 25/02/2016 decided to provide access to the vehicular traffic to the proposed tank site at Oleekkamala for the tank construction and on 18/08/2016 the Panchayat</p>

OBSERVATION	REMEDIAL MEASURES TAKEN
<p>The action of the SE in executing the work of laying pipelines at a cost of Rs.4.18 crore under Package-I and his failure in not taking up work on the construction of the Sump and OHSR under Package-II due to inadequacy of land resulted in non-completion of the water supply scheme and depriving the beneficiaries of potable water.</p> <p>GOK confirmed (September 2016) that after taking possession of 304 m² land for overhead tank, rubber plantation was grown in adjoining lands which resulted in lack of motorable access to the land. Also, an existing pump house in the 20 m² land handed over to KWA was not relocated by the GP resulting in inability to proceed with the construction of the sump. GOK further state that based on the proposal of KWA, a project for undertaking the incompletd work has since been approved (February 2016) for Rs.5.13 crore by the State Level Scheme Sanctioning Council.</p> <p>Reply of GOK was not acceptable in view of the fact that KWA, instead of learning from past mistakes, continued to seek and obtain approval from GOK and proposed work without ensuring physical possession of adequate suitable land.</p>	<p>passed another resolution to acquire land at Oleekkamala to enable access to the tank site with a width of 12 feet and also to handover one cent of land at Thottuva for the purpose of water supply scheme. Kuravilangadu Panchayath has acquired land for the construction of road to the proposed tank site at Oleekkamala in January 2019. Another point to be noted is that, due to lack of sufficient funds, distribution system in kuravilangadu Panchayat was not included in the original proposal.</p> <p>Hence a project proposal has been drawn for laying distribution lines in Kuravilangad Panchayat, Construction of OHSR and GLSR at Oleekkamala & Sump Cum Pump house at Thottuva which in turn will utilize the idling already laid gravity and pumping mains. DER for the project was prepared for Rs. 23 crores and submitted for AS under Rebuild Kerala initiative 2019. In principle sanction has been received for the project for an amount of Rs.23 crores under Rebuild Kerala Initiative (World Bank Development Policy Loan Furd) vide G.O(Ms)No.28/19/P&EAD dated 15.11.2019. When works get completed, the already laid unutilized portion of Gravity and pumping main will become fruitful and the public will get the benefit of the project.</p> <p>In the C&AG report dated, 09/05/2017 it is seen mentioned that KWA instead of learning from past mistakes, continued to seek approval from the Government without ensuring physical possession of adequate suitable land. It is the usual practice to obtain the possession of land after getting the Administrative Sanction for the project, otherwise the acquired land may become a liability in case the AS is not obtained due to any reason not contemplated while preparing the project, which may also lead to another sort of unfruitful expenditure.</p> <p>It is requested that the above facts may please be accepted and the Audit Para may please be dropped.</p>


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