**TARIFF POLICY FOR MOGA WATER SUPPLY SCHEME**

Department of Water Supply and Sanitation, Government of Punjab

20th November 2018

The Governor of Punjab is pleased to notify the Tariff Policy for Large Surface Water Supply Scheme Moga, to be operated jointly by Gram Panchayat Water and Sanitation Committees (GPWSCs), District Level Committee (DLC), 3 Cluster Level Committees (CLCs), Department of Water Supply and Sanitation (DWSS) and concerned district deputy commissioner in Punjab, with effect from 01-August-2019.

1. **Background**

The Department of Water Supply and Sanitation (DWSS), Government of Punjab, is responsible for providing potable drinking water to the rural residents of the state of Punjab. Out of 13559 rural habitations, DWSS is operating and maintaining (O&M) water supply schemes in 8821 habitations and O&M of water supply schemes in 4738 habitations is being taken care of by concerned GPWSCs.

DWSShas recently notified the revenue collection strategy for DWSS operated schemes vide notification number, 13/3-2018-5-B&R-II/29 dated Chandigarh – 11-01-2018 and the state has granted full freedom to GPWSCs to frame their own by-laws, tariff fixation and revenue collection mechanism.

The Ground Water Quality in most of districts of Punjab has deteriorated; consequently, to address this issue, the Government of Punjab is implementing large surface-water based schemes. One such scheme of 85 villages is being implemented in district Moga, while such schemes will also be implemented in near future in other parts of Punjab. These 85 villages in Moga were reported to be affected by traces of uranium and arsenic in their ground water tables. L&T has been appointed by DWSS for next 10 years to provide water supply service provision to these 85 villages on a Design, Build, Operate & Maintain and Transfer basis (DBOMT). The design and build phase of the project has been defined as 30 months, while the operation & maintenance phase has been defined as 120 months.

It is envisaged that DWSS will continue to supply water directly to consumers and will be responsible for billing and collections of water charges from the consumers in 85 villages of Moga. Further, the demand from the non-domestic consumption is still unclear. Hence, while designing the tariff policy, the demand and potential revenues from the non-domestic consumers has not been considered.

1. **Need for Tariff Policy for Moga Water Supply Scheme**

Considering payouts to L&T on the bulk water and DWSS O&M costs of distribution, billing and collection, the O&M of such schemes is highly sensitive financially in terms of tariff setting. It is important to estimate the quantum of revenue correctly for various tariff options. To make the scheme financially sustainable, the estimated revenues should be more than the payouts (to operator) and O&M costs. so that the revenues are able to fund the asset replacement. Additionally, adequate provision for preventive maintenance should be provided for while designing the tariff policy.

The O&M of this scheme needs collaboration among various stakeholders like-the agency (responsible for O&M), consumers, GPWSCs, DWSS and district administration. Hence given the context, a separate tariff policy for Moga Water Supply Scheme and revenue collection mechanism is required.

1. **Objectives**

The primary objective of this policy is to ensure financial sustainability of Moga scheme. The objective of this study is to recommend appropriate tariff structures for Moga Multi Village Water Supply Scheme so as to ensure 100% cost recovery or more and also considering salient features of tariff setting defined under the Revenue Improvement Policy, DWSS, Government of Punjab.

1. **Principles to be followed for Tariff Setting**

DWSS shall follow a volumetric increasing block tariff (IBT) wherein the water conservation is encouraged by charging higher consumption; and also, to ensure that poor people will pay tariff that is affordable. DWSS is free to decide the rates for various water consumption slabs. The following principles are recommended in fixing rates for various water consumption slabs under the Moga Water Supply Scheme:

* DWSS shall follow volumetric increasing block tariff (IBT) for the Moga Water Supply Scheme
* DWSS shall take into account revenues from existing connections for meeting 100% cost recovery of operation and maintenance costs. Additional revenues from the new connections shall be accumulated and shall be utilized for funding asset replacement and expansion in future
* DWSS shall undertake a detailed assessment of cost of operation and maintenance while designing water tariffs
* DWSS shall account for cost of preventive maintenance (at least 3-5% of the estimated capital costs) while designing water tariffs
* DWSS shall design the tariff considering affordability of water especially for the low income households.
* Tariffs shall be subject to pre-determined annual escalation. Further after every 3 years, tariffs shall be reviewed by Government of Punjab or an independent regulator appointed by the Government of Punjab so as to ensure the policies and principles as set out by Government of Punjab is adhered to.
* Scheme level financial sustainability shall be achieved for Moga Water Supply Scheme. For this, the financial system at scheme level shall be ring fenced. Annual balance sheet and profit & loss statement shall be prepared transparently by DWSS.

Tariff structure for Moga Water Supply Scheme shall be arrived based on the estimating the total O&M costs and total payouts including partial recovery of cost of AMI/ AMR meters and matching it with the projected revenues based on various tariff options keeping the principles of tariff setting into consideration.

1. **Recommended Tariff for Moga Water Supply Scheme**

For domestic connections, water tariff shall be determined based on volumetric consumption measured by installing water meters. Rates for domestic consumers shall be as follows

|  |  |  |
| --- | --- | --- |
| **Slab for Domestic Connections**  | **Fixed Rate INR per month** | **Variable Rate INR per KL** |
|
| 0 – 5 kl per month | 50 | 03  |
| 5 – 10 kl per month | 100  | 06  |
| 10 – 20 kl per month | 100 | 15  |
| 20 – 30 kl per month | 100 | 18  |
| Above 30 kl per month | 100 | 20  |
| For Commercial Establishments (for all consumptions) | 200  | 25 |

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The tariff mentioned in the above table shall be applicable for the 1st year of operation (FY-2019-20). DWSS can revise this tariff any time, if the number of consumers reduced than as assumed in this policy or the consumption is lower than assumed, or O&M cost increases on account of increase in electricity charges, canal water charges, staff cost or any unforeseen reason etc. For financial year 2020-21 onwards, tariff shall be notified based on updated O&M cost. . The year will be financial year. Detailed tariff for Moga Water Supply Scheme is given in Annexure 1.

1. **Estimates of Total O&M Costs and Payouts for DWSS**

This section presents estimate of annual O&M cost and payouts of Moga Water Supply Scheme considering O&M cost of intra-village components of all 85 villages. DWSS has carried out a survey in 6 villages where household meters are installed to measure water consumption. This was undertaken to assess the consumption patterns and daily water requirement across various categories of consumers.

Total households in 85 villages (2017) of Moga is estimated at 70,485. Assuming 95% households will take private connection i.e. 64,000 in first year of operation (2020), the estimates for number of households and water connections is presented in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Category****(Monthly Consumption)** | **%age of Consumers as per study of 6 villages** | **No, of Consumers** | **Daily Volume of Water required to serve the consumers** |
| Upto 5 kl(35 lpcd) | 15% | 9,600 | 1.60MLD |
| Upto 10 kl(70 lpcd) | 22% | 14,080 | 4.69MLD |
| 11 - 20 kl (Avg. 16 kl)(106 lpcd) | 28% | 17,920 | 9.56 MLD |
| 21 - 30 kl (Avg. 25 kl)(166 lpcd) | 18.5% | 11,840 | 10.26 MLD |
| Above 30 kl (Avg. 35kl)(233lpcd) | 16.5% | 10,560 | 12.32 MLD |
| Total | 100% | 64,000 | 38.43 MLD |
| Demand for 1000 schools and commercial establishments | 75 KL per month | 1000 | 2.5 MLD |
| Total | -- | -- | 40.93 MLD |
|  Non-Revenue Water (Maximum 10% which will include5% in transmission lines and 5% in intra village distribution pipe network.) | 4.09 MLD |
| **Total Volume of Water Required including losses** | **45.03 MLD** |

Assuming the consumption pattern remains the same for 85 villages under Moga Water Supply Scheme, 45.03 MLD will be required to serve 64,000 domestic consumers and 1000 Commercial Establishments. As per contract with L&T, the total annual payouts to L&T is estimated at INR 10.81 crores for supplying 45.03 MLD of water daily.

Estimates of other O&M costs for the intra-village component is presented in the table below

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Cost items**  | **O&M costs in INR Crores** |
|  | Annual Cost of staff required for operation in 85 villages @ Rs. 5000/ per month  | 0.51 |
|  | Annual Cost of repair in 85 villages @ Rs. 15/per connection/ per month for 64,000 connections  |  1.15 |
|  | Annual Cost of Canal Water Charges to be paid to Irrigation Deptt. | 0.16 |
|  | Annual Cost of Minimum electric bill in 85 villages @ Rs. 157/ kw/per month | 0.24 |
|  | One month canal closure | 0.36 |
|  | Provision for Price Adjustment for O&M Prices to Operator | 0.25 |
|  | **Sub-total** |  **2.67** |
|  | Payouts to L&T |  10.81 |
|  | **Sub-total** |  **13.48** |
|  |  Cost of revenue recovery @ 5% |  0.67 |
|  | Cost for special purpose vehicle for O&M and revenue recovery | 0.85 |
|  | **Total costs**  |  **15.01****Say 15.00 Cr.** |

Hence, INR 15.00 crore would be required annually in 2020 for optimal operation and maintenance, fulfilling contractual obligations and required service delivery standards.

1. **Water Tariff for Moga Water Supply Scheme and its Affordability**

At present, a flat tariff of INR 137 per connection per month is charged. The recommended tariff for Moga water supply schemes shall be designed such that the consumers using less water should pay lower than what they are paying at present under the flat tariff structure.

A volumetric IBT tariff structure is designed keeping the consumption slabs similar to other rural water schemes in Punjab. The tariff which is a combination of fixed and variable tariff is designed and recommended for 5 slabs. To assess affordability, the maximum and minimum user charges per domestic connection per month is summarized in the table below.

|  | Proposed Tariff Structure | Estimated household monthly bill | ExistingTariff |
| --- | --- | --- | --- |
| From KL | To KL | Water Meter Rent | Variable tariff(INR/ KL) | Minimum | Maximum |
| Slab 1 | 0 | 5 |  50 | 3 | 50.00 | 65.00 | 137.50 |
| Slab 2 | 5 | 10 |  100 | 6 |  115.00 |  145.00 | 137.50 |
| Slab 3 | 10 | 20 | 100 |  15 | 145.00 |  295.00 | 137.50 |
| Slab 4 | 20 | 30 | 100 | 18 |  295.00 |  475.00 | 137.50 |
| Slab 5 | 30 | - | 100 | 20 |  475.00 | -- | 137.50 |
| Commercial Establishments | For all consumption | 200 | 25 | -- | -- | -- |

It is seen that the proposed tariffs is more affordable than the existing flat rate tariffs for customers falling under Slab 1 (0-5 kl) and Slab 2 (5-10 kl). For households consuming less than 70 lpcd (less than 10 KL per month), the overall water charges would be less than the existing tariffs. The consumer falling under higher slabs would be charged more than the existing tariff to promote water conservation, which is a conscious decision of Government of Punjab. The Proposed Water Tariff Structure, penalties and other charges are presented in detail in Annexure 1. As a policy it is important that tariffs are adequate to promote water conservation. If tariffs are too low, consumption will go up and the available treated water will not be sufficient to cater to the needs leading to failure of the scheme. DWSS may consider encouraging use of ground water to supplement if treated water is not meeting all the water needs.

1. **Estimated Revenues from the Proposed Tariff Structure**

For purpose of estimating revenues, 90% consumers (64,000) out of total 70,485 households is assumed to take house connections in the first year of operation (2020) and it is assumed that revenue collection efficiency will be 85%.Hence the targeted revenue to be billed is estimated at INR 23.75 crores to not only ensure 100% cost recovery but also ensure that principles of tariff setting is adhered to. The targeted revenue shared among various consumer-categories is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Consumer Category consumption in kl per month** | **Consumers** | **Revenue Share allocated** | **Actual Revenue Realized** |
| **% age** | **Amount****in INR crores** | **% age contribution** | **Gross Amount in****INR crores** | **Amount after 80% collection efficiency****in INR crores** |
| 0 – 5 klAv. 5 kl |  9,600 |  4% | 0.95 |  3.15% |  0.75 |  0.64 |
| 5 – 10 klAv. 10 kl |  14,080 |  11.46% | 2.72 |  10.31% |  2.45 |  2.08 |
| 10 – 20 kl (Average 16 kl) | 17,920 |  23.36% | 5.54 |  21.27% |  5.05 |  4.30 |
| 20 – 30 kl (Average 25 kl) | 11,840 |  25.07% | 5.95 |  24.10% |  5.73 |  4.87 |
| Above 30 kl (Average 33 kl) | 10,560 |  30.10% | 7.14 |  30.67% |  7.29 |  6.19 |
| Commercial Establishments  | 1000 | 6.11% | 1.45 | 10.48 | 2.49 | 2.12 |
| **Total** | **64000 residential + 1000 commercial** | **100%**  | 23.75 | **100%**  | **23.75**  | **20.19**  |

The revenue to be generated after considering collection efficiency is estimated at INR 20.19 crores, which is more than the required cost of O&M and payouts, thereby ensuring 100% cost recovery and Rs. 5.00 Crore can be repaid towards partial capex of AMI / AMR Water meters. It is expected that partial cost of AMI / AMR Water meters will be recovered in 9 years.

1. **Institutional Arrangement for Revenue Collection in Moga Water Supply Scheme**

Following institutions shall be involved in supervision, operation and monitoring of Moga Water Supply Scheme: (i) District Level Committee (1 nos), (ii) Cluster Level Committees (3 nos), (iii) Gram Panchayat Water & Sanitation Committees (85 nos). Composition, roles and responsibilities of each of these institutions with respect to Moga Water Supply Schemes is given in the sections below.

**District Level Committee**

District Level Committee (DLC) shall be formed under the chairpersonship of Deputy Commissioner Moga, Executive Engineer, DWSS. Moga (member secretary), DDPO Moga, Chairperson Zila Parishad Moga, Chairperson of Cluster-1 Committee, Chairperson of Cluster-2 Committee and Chairperson of Cluster-3 Committee and representative of M/s L&T Ltd. Chennai (Operator) as members.

This committee shall be apex committee for supervision, financial management, technical, administrative & institutional matters and social issues and all kinds of disputes related to operation and maintenance of Moga Water Supply Scheme including decisions to replace / rehabilitate assets. The committee shall ensure the optimal functioning of the scheme.

Water Treatment Plant, Inter-Village(s) infrastructure shall be maintained by this committee. A master bank account shall be opened in its name, “Chairperson- DLC- SWP Moga” acronym for chairperson, District Level Committee for Surface Water Supply Project Moga. This account shall be jointly operated by DC Moga and EE, DWSS, Moga as co-signatories. Two revenue clerks shall maintain ledgers, oversee, supervise entire operation of revenue collection and payments. The honorarium of these staff shall be met from revenue recovered from the consumers.

All Decisions taken by the District Level Committee shall be final and binding on all the Cluster Level Committees and Gram Panchayat Water & Sanitation Committees. In case these decisions made by DLC contradict or interfere in any way with policies and guidelines set out by Government of Punjab and Department of Water Supply & Sanitation, Punjab (DWSS), then these decision of DLC will not be implemented.

**Cluster Level Committees**

Three cluster level committees (SLCs) shall be formed under the chairpersonship of Block Samiti Chairperson (having maximum villages in cluster) any other Block Samiti Chairperson whose villages falls in the jurisdiction of that cluster as member(s), Concerned SDE(s) and JE(s)**,** BDPO(s), representative of M/S L&T Ltd. Chennai (Operator) as permanent members and 5 chairpersons of GPWSCs of the concerned cluster as temporary members for one year (selected for one year by lottery, in the next and subsequent years the already selected members shall not participate in the lottery system). The lottery system shall be organised by the District Level Committee.

The role and responsibility of these Cluster Level Committees is the act as critical link between District Level Committee and concerned Gram Panchayat Water & Sanitation Committees (GPWSCs). SLCs shall resolve cluster level disputes and shall ensure optimal functioning of scheme with in the cluster. The committee shall also encourage consumers to pay water bills.

**Gram Panchayat Water & Sanitation Committees**

Gram Panchayat Water & Sanitation Committees (GPWSCs) shall be constituted in all 85 villages which are recipients of Moga Water Supply Scheme. The members of GPWSCs shall be as per already notified policy of Punjab Government issued in this regard and concerned JE of DWSS shall be member secretary of the GPWSC.

Each GPWSCs are free to frame by-laws at its own level provided they are not contradictory to this Tariff Policy for Moga Water Supply Scheme and are not contradictory to policies and guidelines set out by Government of Punjab and Department of Water Supply & Sanitation, Punjab (DWSS).

GPWSCs shall not decrease the water tariff rates proposed under this Tariff Policy, penalties, fines or frame by-law(s) that can contradict or interfere or dilute in any way/form provisions and/or clauses of this Tariff Policy. GPWSCs are free to increase the water tariffs, penalties, fines etc. and can frame more stringent by-laws in its jurisdiction than those mentioned in this Tariff Policy.

No GPWSC can frame by-law(s) / guidelines that can violate Indian Constitution and legal laws, Punjab Government, DWSS Policies, procedures and guidelines. GPWSCs is responsible for facilitation of collection of user charges, maintenance intra-village component, payment of repair, electric bill of tube-well(s) connections, staff deployed in its jurisdiction etc. GPWSC shall open a separate bank account for O&M jointly operated by Chairperson and secretary-cum-treasurer of committee.

1. **Governance and Mechanisms**

**Special Purpose Vehicle (SPV) as per Annexure-2 under the administrative control of District Level Committee (DLC) will be deployed for O&M and revenue collection. The cost of SPV shall be met from revenue recovery.**

Revenue Collection Mechanism

* Record of each connection shall be digitized. A centralized, computerized and common billing software shall be used for billing and ledger keeping.
* A revenue recovery agency (RCA) shall be hired for collection of water charges. The agency shall digitize and operate and maintain online database of consumers. Water Charges bills shall be generated and distributed by RCA to consumers. RCA shall collect water charges bills and deposit all revenue in the central master bank account of District Level Committee.
* The payment of RCA shall be made by District Level Committee from revenue collected.
* The Revenue Collection Agency shall be hired for two years by inviting online bids.

Expenditure and Payment Mechanism

At the end of each month, M/S. L&T Ltd. Chennai (Operator) shall supply details of bulk water supplied to each village/GPWSC as per contract duly verified by SDE(s) DWSS to the DLC. DLC through RCA shall generate bulk water bills in the name of each GPWSC. As mentioned earlier, the RCA shall deposit all revenue collected from various consumers of 85 villages in the bank account of the DLC.

RCA shall provide list of consumers and amount paid by them by grouping them in respective villages and clusters. Revenue clerks of DLC shall verify all the records with concerned bank and submit its report to the DLC.

Thereafter DLC shall deduct the amount to be recovered from each GPWSCs on basis of its bulk consumption plus its propionate share to be paid to RCA for revenue collection plus 5% towards reserves and administrative charges. The payment to M/S. L&T Ltd. Chennai (Operator) and RCA shall be made by the DLC. Surplus amount of respective GPWSCs shall be transferred to their bank accounts to enable GPWSCs to make payment for staff, PSPCL and repairs etc.

Audit of Bank accounts, revenue receipt and expenditure

The master bank account, all GPWSCs accounts, income by way of revenue receipt, fines & penalties and all expenditures made by DLC and GPWSCs shall be duly audited quarterly by CA appointed by HoD, DWSS. The report shall by submitted to HoD, DWSS for its review.

Release of New Connections under Moga Water Supply Scheme

The consumer shall apply for new connection to concerned GPWSC. The concerned JE in charge of the village scheme shall collect all such applications from GPWSC on weekly basis and will forward these to concerned SDE of DWSS for sanctioning. SDE shall sanction the connection within 4 days, if feasible. SDE shall inform the consumer, JE, GPWSC and revenue collection agency (RCA) apart form making online entry into the online consumer database. The RCA shall also make entry into its online centralized database.

The various documents required for the new connection application shall remain the same as already notified vide notification number, 13/3-2018-5-B&R-II/29 dated Chandigarh – 11-01-2018. The connection shall be made in the presence of pump operator and GPWSC. The consumer shall liable to pay water charges from date of actual installation of connection. The consumer can get his/her connection disconnected by submitting a written request to SDE after payment of outstanding dues, if any. The cost of disconnection shall be borne by the consumers.

**Annexure 1**

**Tariff and Penalties**

For domestic connections, water tariff shall be determined based on volumetric consumption measured by installing water meters. Rates for domestic consumers shall be as follows

|  |  |  |
| --- | --- | --- |
| **Slab for Domestic Connections**  | **Meter Rent** **INR per month** | **Variable Rate INR per KL** |
|
| 0 – 5 kl per month | 50 | 3 |
| 5 – 10 kl per month | 100 | 6 |
| 10 – 20 kl per month | 100 | 15 |
| 20 – 30 kl per month | 100 | 18 |
| Above 30 kl per month | 100 | 20 |
| Commercial Establishments(for all consumptions) | 200 | 25 |

The tariff mentioned in the above table shall be applicable for the 1st year of operation (FY-2019-20). DWSS can revise this tariff any time, if the number of consumers reduced than as assumed in this policy or the consumption is lower than assumed, or O&M cost increases on account of increase in electricity charges, canal water charges, staff cost or any unforeseen reason etc. For financial year 2020-21 onwards, tariff shall be notified based on updated O&M cost. The year will be financial year.

**Billing Frequency and Due Date**

Bills shall be generated online through centralized computerized system by RCA and distributed to respective consumers by RCA. Due date for bill payment without surcharge shall be 15th of billing month or as mentioned in the water charges bill. Bills can be paid in cash, cheque, bank draft, online means etc.

**Tariff for water supplied by GPWSC through existing tubewells**

While it is advisable to use treated surface water supply for drinking, cooking and other such purposes, if any village or its GPWSC wants additional supply of water for other purposes from existing tube wells, then the volumetric rates as described above shall also be applicable to this type of supply also for the sake of uniformity.

**Penalties and Surcharge**

The consumers shall be liable to various penalties and fines for various violations as described follows:

1. **Surcharge and Interest on Non-Payment of Bills by Due Date:** To calculate the surcharge on non-payment of bills, the user charges shall be divided in two parts
* Current billing cycle charges that would hereinafter be called ‘Current Bill’
* Arrear accumulated from previous billing cycle (including late payments surcharges, interest, fines, penalties etc.) that would hereinafter be called ‘Arrears’
1. **Surcharge on Non-Payment of Current Bill and Arrears:** Every consumer who fails to pay current bill including Arrears (if any) or Partially pays the current bill including Arrears (if any) within the due date i.e. 15th of the billing cycle month or as mentioned on the water charges bill is liable to pay a surcharge of 4% per month on outstanding principle amount.
2. **Penalty for removal of, damage to or Tampering with Water Meter:** The connections to the consumers shall be issued through water meters and bills shall be charged on volumetric consumption basis. The unit shall be Kilo litre (1000 litres). The quality of Water meter shall be as specified by DWSS. If any, consumer damages or tampers with the water meter or installs a connection without water meter, then a written notice shall be issued and the consumers shall be charged a flat rate of Rs. 1000 per month. If the consumer fails to repair/ replace the water meter within 30 days then his/her bill shall be increased by Rs. 500 per month subject to maximum of Rs. 2000 per month i.e. his/her
3. bill for second month of violation shall be Rs. 1500 and Rs. 2000 for subsequent months. The consumer can contact GPWSC/DWSS/RCA in case he/she faces difficulties for repair/replacement of his water meter.
4. **Penalty for installation of Tullu Pump/Booster Pump directly on water supply distribution pipe line:** Booster Pumps or Tullu Pumps installed directly to the water pipes cause vacuum and are potential threat to the life Water Pipes, weakens the joints, damages the water meters and may cause water meters to reverse the readings. Apart from above suction created by booster pumps in the water lines may result in drain water sucked into water pipes, thereby posing serious threat to lives of all consumers in the region. Hence, installing tullu pumps directly on water pipes is strictly prohibited. Any violation on this account shall be treated as serious offence, the offender shall face strict legal action for willfully damaging public/Government property and seriously endangering lives and safety of fellow consumers, besides a penalty of Rs. 5000 and confiscating of booster pumps. The offender shall be banned for one month from taking private connection. Second offence on this account shall attract Rs. 10000 penalty and ban on private connection for three months; third time offender shall attract a penalty of Rs. 25000 and ban on private connection for life time, apart from legal action.
* Booster Pump fine, as defined above, along with pending bills and fines shall be recoverable from the consumer as arrears of land revenue.
* It must be noted that there’s no bar on installation of booster pump though a storage tank.
1. **Penalty for Non-Installation of Ferrule:** Installation of 6mm i/d ferrule at tapping point (on water Pipeline) of water connection is essential to ensure equitable distribution of water among consumers and maintaining adequate pressure of water in water mains.
* At present, there may be many connections in the village which are without 6mm i/d Ferrules. It is practically not possible to carry out digging and installing ferrules at tapping points with water pipes. In such cases, a union with 6mm i/d washer must be installed on connection pipe of consumer outside of his/her premises by DWSS/GPWSC. This one-time cost shall be borne by DWSS.
* If any consumer removes such a fitting, he/she may be asked to reinstall the ferrule or union with 6 mm i/d washer at his/her own expenses. He/she shall be liable to pay the fine of Rs. 20 per day till the defaulter installs the required fitting, subject to maximum of Rs. 600.
* If a consumer fails to install the above said fitting even after the lapse of 30 days from date of issue on notice, then a penal amount of Rs. 200 per month shall be added to his/her bill in addition to volumetric consumption bill, till he/she finally installs such a water control device/ fitting.
1. **Penalty for Non-Repair of Leakage in connection pipe (service pipe), fittings and appliances of consumer connection**
* Leakage in consumer connection pipes, fittings and appliances causes water wastages and increases the risk of contamination of drinking water supply. All such leakages at consumer end shall be repaired by consumer immediately to avoid the water wastage and contamination of water.
* In case the consumer fails to repair such leakages within two days, then DWSS shall repair the leakage and actual cost of such repair shall be charged from consumer subject to maximum of Rs. 3000 and a penalty of Rs. 100.
1. **Penalty for Installing illegal connection**
* If a consumer installs a connection by illegal means or re-connects a disconnected connection himself/herself without getting prior permission from DWSS/GPWSC, he/she shall be liable to be prosecuted under Damages to Public Property Act 1984 for damaging and tampering with Government property.
* He/she shall be further liable to pay Rs. 500 penalty and Rs. 30 kl of water consumption if connection is with water meter and Rs 2500 per month for installing an illegal connection without meter.
* If the consumers fails to get his/her connection regularized within 60 days from the date of issuance of notice, the connection shall be disconnected and the cost of disconnection shall be borne by defaulter subject to maximum limit of Rs. 2000. All outstanding bills, dues, surcharges and penalties shall be recovered from him/her as arrears of land revenue.
1. **Penalty for reconnection of Disconnected connection:** Any consumer whose connection is disconnected shall be allowed to reinstall the connection if he/she pays the all outstanding dues along with and interest amount @ 2% per month till payment and Rs. 500 as reconnection fee. All costs of reconnection shall be borne by the consumer.
2. **Disconnection of Water connection and collection of over-due charges after disconnection of service**
* The DWSS/GPWSC/RCA shall make best efforts to recover outstanding dues from consumers.
* However, if any consumer fails to pay the outstanding dues for three months, he/she shall be issued final notice to pay the outstanding dues through registered post (Cost shall be borne by consumer) giving 21 days’ notice to pay the outstanding dues failing which the connection shall be disconnected at consumer cost subject to maximum amount of Rs. 2000. And outstanding amount shall be recovered as arrear of land revenue.
1. **Penalty for water wastage: To** curb water wastage and unauthorized usage of water like use of drinking water for agricultural purposes etc. Any consumer who is indulging in water wastage shall be advised by DWSS/GPWSC/RCA through written notice at the first instance. However, the consumer does not stop wasting water, all his/her consumption of water shall be charged at a penal rate of Rs. 30 per kl, till he/she stops wastage and gives written assurance on this account.
2. **Recovery of Outstanding dues from consumers**
* All outstanding amount including surcharges, penalties and fines etc. whatsoever due from consumers shall be recovered by DWSS/GPWSC/RCA or any agency deployed by DWSS for this purpose.
* If any consumer fails to pay the outstanding dues despite the best efforts of DWSS/GPWSC/RCA, then the concerned Executive Engineer shall recover this amount through revenue courts as arrears of land revenue.

**Annexure-2**

**Special Purpose Vehicle (SPV)**

 Department of Water Supply and Sanitation is constructing Surface Water Scheme for 85 village of district Moga. The scheme is being constructed by M/s L&T Construction Company on DBOMT basis. The O&M cost of bulk water supply has to be paid to M/s L&T construction Company by collecting user charges from the consumers of the scheme. This is a flagship project of the department and its success has a direct bearing on such schemes. The O&M part of the scheme is most critical as non-payment of O&M charges to the operator may lead to unsustainable operation of the scheme and department may be forced to pay minimum charges from state funds to the operator. In order to make the O&M of the scheme successful it is proposed that:

1. The scheme shall be managed by a special purpose vehicle which shall work under administrative control of district level committee (DLC).
2. The District level committee shall comprise of Sarpanches of all the 85 villages and shall be headed by Deputy Commissioner of the District. The Executive Engineer WSS division Moga shall act as member secretary of the committee. Following officers shall also be members of the Committee (DLC).
	* + - 1. Superintending Engineer DWSS Circle Faridkot.
				2. Additional Deputy Commissioner Development.
				3. Sub Divisional Magistrate of the area.
				4. District Development and Panchayat Officer.
				5. Executive Engineer Canal of Water Resources Department.
				6. Executive Engineer Mandi Board and Executive Engineer B&R of the area.
				7. Sub Divisional Engineer DWSS of the area.
				8. Junior Engineer DWSS of the area.
3. The scheme shall be operated by a special purpose vehicle (SPV) which shall be registered under Companies Act 2013. The SPV shall be designated as **“ The Moga Water Supply Company”**  The structure of special purpose vehicle shall be as per below:

Chief Executive

Officer

Manager

Operations

l

Technica

No.

Assistant 3

Social and IEC

expert

Community

Mobilizer 3 No.

Manager Finance

and Accounts

Accounta

nt

Revenue

Assistant

Manager

Information

Technology

* 1. The, duties and responsibilities, qualification and emoluments of various officers/officials of the SPV shall be as under:
	2. **Chief Executive Officer (CEO):**

4.1.1 Duties and Responsibilities of the CEO:

The CEO shall be responsible for

* + - * Overall running and maintenance of scheme and shall be under the administrative control of scheme level committee.
			* Liaison with the M/S L&T Construction Company Collection of revenue from consumers.
			* Ensure that bulk supplier is supplying water and rendering other services as per terms and conditions of the contract.
			* Ensure proper up keep of the common infrastructure and intra village infrastructure of the scheme
			* Supply of portable water at door step of the consumer
			* Establishment of higher service delivery of Water Supply in the villages.

 4.1.2 Qualification and Experience:

The CEO shall possess following Education Qualification and Experience.

* Master of Business Administration with at least 70% marks or equivalent.

7 years of experience, in the Managerial / Leadership capacity in the infrastructure project

Positive attitude and willing to go extra mile to achieve the outcomes.

Excellent communication/ presentation skills. Knowledge of MS office.

Knowledge of accounts and Finances

Knowledge of labour laws, and laws related to environmental and social safe guards.

 4.1.3 Emoluments:

The CEO shall be paid following emoluments.

Gross pay Rs. 75000/- per month.

House Rent Rs. 15000/- per month.

Travel allowance Rs 10000/- per month.

 **4.2 Manager Operations:**

4.2.1 Duties and Responsibilities of the Manager Operations:

The Manager Operations shall be responsible for

* + - * Overall running and maintenance of scheme
			* Liaison with the M/S L&T Construction Company
			* Ensure that bulk supplier is supplying water and rendering other services as per terms and conditions of the contract.
			* Ensure proper up keep of the common infrastructure and intra village infrastructure of the scheme
			* Supply of portable water at door step of the consumer
			* Establishment of higher service delivery of Water Supply in the villages.

 4.2.2 Qualification and Experience:

The Manager Operations shall possess following Education Qualification and Experience.  Bachelor of Engineering Civil / Mechanical at least 70% marks..

3 years of experience, in the Managerial / Leadership capacity in the infrastructure project

Positive attitude and willing to go extra mile to achieve the outcomes.

Excellent communication/ presentation skills. Knowledge of MS office.

Knowledge of accounts and Finances

Knowledge of labour laws, and laws related to environmental and social safe guards.

 4.2.3 Emoluments:

The Manager Operations shall be paid following emoluments.

Gross pay Rs. 40000/- per month.

House Rent Rs. 10000/- per month.

Travel allowance Rs 10000/- per month.

 4.2.4 Technical Assistant to Manager Operations:

 The Manager Operations shall be assisted by 3 number technical Assistants who shall be Diploma in Civil with at least 60 % marks and they shall be paid Rs. 20000/- lump sum and Rs 150/- per day as travel allowance subject to an Rs 3000/- per month.

**4.3 Social and IEC expert:**

4.3.1 Duties and Responsibilities of the Social and IEC expert:

The Social and IEC expertshall be responsible for  Liaison with Gram Panchayat, Community leaders and consumers.

* + - * Awareness Generation among consumers, creation of demand for safe water, creating willingness to pay user charges.
			* Water Quality awareness.
			* Establishment of higher service delivery of Water Supply in the villages.

 4.3.2 Qualification and Experience:

The Social and IEC expert shall possess following Education Qualification and Experience.

Post Graduate in Mass Communication or Rural Development with at

Administration with least 60% marks.

3 years of experience, in the Managerial / Leadership capacity in the infrastructure project

Positive attitude and willing to go extra mile to achieve the outcomes.

Excellent communication/ presentation skills. Knowledge of MS office.

Knowledge of accounts and Finances

Knowledge of community development, mobilization, gender mainstreaming, inclusion of weaker sections and laws related to social safe guards.

 4.3.3 Emoluments:

The Social and IEC expert shall be paid following emoluments.

Gross pay Rs. 25000/- per month.

House Rent Rs. 5000/- per month.

Travel allowance Rs 5000/- per month.

 4.3.4 Community Mobilizer 3 No to Social and IEC Expert:

* The Social and IEC expert shall be assisted by 3 number community mobilizers who shall be graduate in any discipline of Social Sciences. in Civil with at least 60 % marks and they shall be paid Rs. 20000/- lump sum and Rs 150/- per day as travel allowance subject to an Rs 3000/- per month.

**4.4 Manager Finance and Accounts:**

4.4.1 Duties and Responsibilities of the Manager Finance and Accounts:

The Manager Finance and Accountsshall be responsible for

* + - * Management of finances and revenues of SPV  Maintenance of books of accounts.
			* Collection of revenue from consumers.
			* Timely Payment to bulk Supplier.
			* Generation, distribution of bills and collection of revenue.

 4.4.2 Qualification and Experience:

The Manager Finance and Accounts shall possess following Education Qualification and Experience.

* M Com with at least 60% marks.

3 years of experience, in the field of Finance and Accounts.

Positive attitude and willing to go extra mile to achieve the outcomes.

Excellent communication/ presentation skills. Knowledge of MS office.

Knowledge of accounts and Finances

Knowledge of labour laws, and laws related finance and taxes.

 4.4.3 Emoluments:

The Manager Finance and Accounts shall be paid following emoluments.

Gross pay Rs. 25000/- per month.

House Rent Rs. 5000/- per month.

Travel allowance Rs 5000/- per month

 4.4.4 Accountant to Manager Finance and Accounts:

* The Manager Finance and Accounts shall be assisted by 1 number Accountant who shall be B.Com with at least 60 % marks and they shall be paid Rs. 20000/- lump sum and Rs 150/- per day as travel allowance subject to an Rs 3000/- per month.

 4.4.5 Revenue Assistant to Manager Finance and Accounts:

* The Manager Finance and Accounts shall be assisted by 1 number Revenue Assistant who shall be B.Com with at least 60 % marks and He/She shall be paid Rs. 20000/- lump sum and Rs 150/- per day as travel allowance subject to an Rs 3000/- per month

**4.5 Manager Information Technology:**

4.5.1 Duties and Responsibilities of the Manager Information Technology:

The Manager Information Technology shall be responsible for

* + - * Management of IT infrastructure of SPV  Liaison with the M/S L&T Construction Company
			* Generation of water bills.
			* Supervision of MIS/ SCADA Systems of bulk water supplier.
			* Supervision of AMR / AMI water meters

 4.5.2 Qualification and Experience:

The Manager Information Technology shall possess following Education Qualification and Experience.

* Master of Computer Applications at least 60% marks.
* 3 years of experience, in the field of Information Technology related to SCADA Systems AMI/ AMR water meters.

 4.5.3 Emoluments:

The Manager Information Technology shall be paid following emoluments.

Gross pay Rs. 40000/- per month.

House Rent Rs. 10000/- per month.

 **5.0 Annual cost of operations of SPV**

* + - * + The Cost of operations of SPV shall be recovered from user charges to be collected from consumers.
				+ The estimated annual cost are as under:
	1. Salaries:

|  |  |  |  |
| --- | --- | --- | --- |
| Sr. No. | Designation | Monthly Cost in Rs Lakhs | Annual cost in Rs lakhs |
| 1. | CEO | 1.0 | 12.0 |
| 2. | Manager Operations | 0.60 | 7.20 |
| 3. | Social and IEC Expert. | 0.35 | 4.20 |
| 4. | Manager Finance and Accounts | 0.35 | 4.20 |
| 5. | Manager Information Technology. | 0.50 | 6.00 |
| 6. | Technical Assistant 3 No. | 0.69 | 8.28 |
| 7. | Community Mobilizer 3 No. | 0.69 | 8.28 |
| 8. | Accountant | 0.23 | 2.44 |
| 9. | Revenue Assistant | 0.23 | 2.44 |
| 10 | Supporting Staff 2 No | 0.20 | 2.4 |
|  | Total | 4.84 | 57.44 |

* 1. Other operating expenditure.

Electricity/Stationery and other consumables Rs 5 Lakhs per year.

AMC/ Repair Charges of various types of office equipment Rs 2 lakh per year.

Office building maintenance charges Rs 2 lakh per year.

Total Annual cost: 57.44+5+2+2 = Rs. 66.44 lakhs say Rs. 67.00 lakhs

 **6.0 Serviceability of annual charges of SPV :**

The annual collection of revenue by SPV shall be in the range of Rs. 20.00 Cr and Annual cost of Rs 85.00 lakhs of SPV can easily be met as it is 4.25% of the annual recovery. This cost is essential to sustain the surface water supply scheme which is being constructed at a huge cost of Rs. 176 Cr.