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What they said to us

GAURAV DWIVEDI, Manthan Adhyayan Kendra

"Water PPPs don't have a pro-poor orientation; it's they who need services at low cost on an urgent basis."

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Not Worth the Parchment?

All the contracts are generous, but privatised water hasn't really got our cities overflowing with joy

Photographs: NARENDRA BISHT

Many a Slip to the Sip

30 Number of Indian cities where private sector and MNCs have been roped in by civic bodies to manage the water supply.

0 No project has so far delivered on lofty commitments; most continue to face major opposition from the consuming public and civil society.

100 Average percentage rise in water tariff in cities and urban areas with privatisation projects. More to follow?

0 Obligation on water conservation or sewage treatment by PPPs, even as public funds and manpower is being provided to them.

35 Duration, in years, of management contracts being signed by civic bodies, up from pilot management projects for a few years.

by **Lola Nayar**

ACROSS the road, on the other side of the gleaming new malls of south Delhi, is the older but not quite glamorous settlement of Hauz Rani. It's summer, holiday time. But every evening, when they ought to be playing, dozens of young children, jerrycans in hand, troop to the nearby colonies and to a public tap near the malls to lug water back home—for drinking, cooking, washing and cleaning. The life-sustaining liquid, always in short supply, is evidently scarcer this summer. Not atypical, you'd say, that's how things are in India.

Now, into this scenario, enters a troika of private companies, promising salvation. Suez, SPML Infra and Degremont, in a consortium, have got a 12-year contract from the Delhi Jal Board to supply 24x7 water over a 14 sq km expanse that includes Hauz Rani. So is salvation really round the corner? Similar projects from across the country have ominous stories to tell. In Mysore, Nagpur and Khandwa, private efforts to ramp up public water supply are croaking under the weight of expectations. Costs are up, supply erratic and discretionary—they have not been above parching the less posh parts so as to cater to the tony neighbourhoods. And in the worst-case scenario, alternative sources of water, like tubewells or public taps, get blocked for good measure. As India prepares to go down the privatised water route, it's a good juncture to ask, after bijli and sadak, is paani too slipping out of reach of the aam aadmi?

Three more Delhi areas (Vasant Kunj, Mehrauli, Nangloi) have been given over to the public-private partnership (PPP) model that Prime Minister Manmohan Singh tirelessly asserts is the answer to the nation's ills. All told, the capital is among 30-odd cities where civic bodies have called in private entities, including MNCs, to "manage" the water supply. The number is set to go higher as more cities approach the Jawaharlal Nehru National Urban Mission (JNNURM) which—ironically, considering the man after whom it is named—makes private participation a precondition for financial support.

Civic bodies have been pushed, despite strong protests, into experimenting with the PPP model. The government's justification has been that the private sector will bring in investments, technology and management efficiency, none of which a cash-strapped public sector can offer. Yet a study of 13 private water and sanitation projects by the Planning Commission has praise for none. In four cases—Latur, Mysore, Dewas and Khandwa—the project viability has itself been questioned.

But the march towards privatisation continues. Current models of public-private water partnerships are diverse, from refurbishing the infrastructure to service contracts for billing, collection and metering. At present, most projects are focusing on distribution improve-

DESPAIR ON TAP

NILOTPAL BARUAH

MYSORE, KARNATAKA

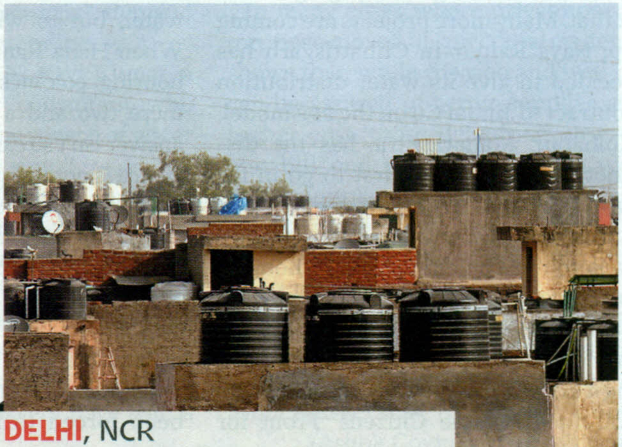
Model: PPP contract for remodelling of water supply distribution system of Mysore city

Firm & cost: JUSCO; ₹234.5 crore

Earlier tariff: ₹125 up to 25 KL @ ₹5/KL, ₹8/KL from 25–50 KL and so on

Proposed tariff: Slab starting from ₹5/KL for domestic connections

Status: Local protest against JUSCO and municipal officials on poor project planning and implementation; ₹7 crore penalty imposed on JUSCO for various lapses in the project; committee constituted to resolve issues.



SANJAY RAWAT

DELHI, NCR

Model: Build, operate and maintain for 12-15 years in three pilot projects

Current tariff: ₹600/month average

Proposed tariff: DJB to decide

Firms and cost: Suez, SPML Infra and Degremont (Malviya Nagar); SPML Infra, Tahal Consulting and Hagihon Jerusalem Water (Mehrauli and Vasant Kunj); Suez and SPML combine (Nangloi); ₹253.30 crore

Status: Survey work has started in proposed areas for improving infrastructure. Activists are questioning the logic of DJB outsourcing O&M while providing all raw material.

The average middle-class consumption of water is 20-30 KL per month

VIVEK PATERIA

KHANDWA, MADHYA PRADESH

Model: PPP Build Own Transfer (BOT) concession contract for 25 years

Firm and cost: Vishwa Infrastructure; ₹115.32 crore

Earlier tariff: ₹150 per month/connection

Proposed tariff: ₹11.95/KL

Status: Construction phase ongoing, delayed by around two years. Investigations by JNNURM expert committee on irregularities. Local committee formed to look into people's objections to privatisation including removal of non-revenue water, loss of municipal control, tariff hikes, etc.

SANGEETA MAHAJAN

NAGPUR, MAHARASHTRA

Model: PPP contract for distribution, operation and maintenance and uninterrupted water supply (24x7) for 25 years

Firm and cost: Veolia Water and Vishwaraj Environment; ₹566 crore

Earlier tariff: ₹150–200 per month/connection

Proposed tariff: ₹7.90/KL

Status: Several problems arising in project implementation, from steep water tariff hikes, dissatisfaction with meters, increased water consumption in demo zone after project implementation etc

ment. Even so, only a few places have seen experiments with citywide distribution, with hardly encouraging results at that. Many more projects are coming up: Naya Raipur in Chhattisgarh has decided to give its water distribution contract to Jindal Co on the PPP model. Kolhapur, Maharashtra, has the distinction of being the first to go in for PPP for sewage treatment.

"Six years ago, activists and residents' welfare associations in Delhi, Bombay and Bangalore were able to stall a World Bank-led move to have the private sector take over water supply projects by making it a condition for granting loans," says S.A. Naqvi of the Citizens' Front for Water Democracy. "Ironically, the Centre is now taking exactly the same route through JNNURM." It's nobody's case that India's moribund water supply system is not in dire need of help, as the Hauz Rani scenario illustrates. It's also not that its residents would be cussedly averse to paying; anyone who has sampled Delhi's 'machine ka thanda paani' knows service doesn't come free. But as water PPPs begin to come apart, the question is not whether citizens should pay for unlimited use of a finite commodity like water, but to whom and how much? When Hauz Rani's saviours, the neighbouring colonies, receive water for a mere two and a half hours a day, the answer isn't so easy. The Delhi PPP experience is not unique:

- In Mysore, JUSCO, a Tata enterprise, has faced severe time overruns, paid penalties and faced pubic outrage
- In Khandwa, Madhya Pradesh, all indications are of the project being unsustainable in the long run
- In Latur, Maharashtra, SPML has been forced to hand back the water supply management to a government entity after local opposition.

When the state cedes control of as vital a public asset as water, it allows business to hold the poor to ransom and fleece them.

"The results of PPP projects in urban water supply in India—even globally—aren't encouraging. They don't seem to be the solution that they were thought to be," says Gaurav Dwivedi of Manthan Adhyayan Kendra, a study group. "These are expensive projects and municipal bodies are at risk of losing control of water supply to private companies due to long contract periods from which there is no getting out."

On paper, the case for privatisation of water supply, like telephony and aviation, seemed sound. Meeting the growing water demands of growing cities required high investment. Better quality water called for sophisticated infrastructure. The private sector held the allure of money, technology, and also its famed managerial skills in implementation, delivery, accountability. Win-win. In reality, however, the experience has been quite the opposite as the state willingly cedes control over a vital public asset such as water under the garb of a PPP and

AFP

HUBLI, KARNATAKA

Model: PPP contract for provision of 24/7 continuous water supply including refurbishment of distribution network

Firm and cost: Veolia Water; ₹235.10 crore

Earlier tariff: ₹90 per month per connection

Proposed tariff: ₹6/ KL for 0-8 KL, ₹10/KL for 8-15 KL, ₹15 for 15-25 KL and minimum charge of ₹48 per month

Status: Questions about the lack of transparency in the project particularly with respect to the tariff structure; uncertainty about financial implications for local people when support is removed.

AMIT HARALKAR

LATUR, MAHARASHTRA

Model: Management contract for 10 years

Firm & Cost: SPML; Fixed management fee (IRR of 19.6 per cent)

Earlier tariff: ₹100/month

Proposed tariff: ₹150 (plus meter cost of ₹2,400 + connection cost ₹1,700)

Status: The first case where a private management contract has been rolled back following three years of protests by people and most political parties barring Congress. The project has now been given to a public sector entity.

City profiles by *Outlook*/Manthan

watches haplessly as the poor are fleeced.

In many cities, private companies have brought little to the table. Naqvi says all the contracts awarded actually "have mechanisms to ensure the private parties don't have to put in any of their own investments. During the initial two and a half years of the pilot projects, when the consortiums will be doing distribution, Delhi Jal Board will be paying very high management fees, besides the power bill, delivering treated water at the colony and providing its own employees to the private partner free of cost."

On top of that, private companies are seen to be tinkering with that invaluable (and often scarce) commodity called democracy. Despite initial hiccups, electricity distribution saw some improvements after privatisation in cities like Delhi due to the presence of multiple sources of power. But private water companies have to depend on a finite number of sources. Diminishing rainfall, depleting water tables and raging wars between states have seen water become scarcer. So, supplying 24x7 water to one area in a city as promised by a private operator means depriving a number of other areas of their rightful due. It also means creating an artificial demand with an eye on the bottomline.

Worse, says Prof U.N. Ravi Kumar, a Mysore-based water consultant who has been engaged in the revival of water bodies. Private water suppliers are not making any effort to look at issues like waste water management or conserving water resources, he says. "All the projects we hear about are presentations by the companies and project promoters. Governments can easily get swayed by promises of 24x7 supply." In other words, the private players have sold a pipe dream and are getting access to exploit and monetise public water resources without adding to it.

"The results of PPP projects in India are not encouraging," says Gaurav Dwivedi. "They don't seem to be the solution they were thought to be."

In many cities where private operators have moved in, anecdotal evidence shows that, while the rich and well-off can be assured of better supplies at a higher cost, those defaulting on even one bill end up paying dearly with water supplies being stopped. While private players have been relentless in enforcing the rules on individual domestic connections, they seem to have fallen prey to their political masters while dealing with commercial connections—which usually default on a much larger scale than domestic ones.

Ashok Govindpurkar, a veteran Nationalist Congress Party councillor from Latur, says they were widely supported in their protest against private management of water supply in their city of four lakh population as households having or seeking to instal a hand-pump needed to get permission. "The cost of a water connection for ₹1,700 plus a meter cost of ₹2,400 was a huge burden on the

JUMP CUT KSHITHIJ URS

Paying Partnership

Kshithij Urs is founder-member of the Peoples' Campaign for Right to Water

WATER has always been a source of power—and of discrimination. Just as the study of an irrigated landscape is a route to the memory of the power of kings and earlier forms of state, the government's recent water policies, especially those on drinking water, are a product of the interplay between many spheres and interests. Recent water policies are conspicuous for two important shifts: first, the removal of the state from its responsibility of operating and managing water services; second, the overwhelming role handed over to the private sector, with water services being handed in their entirety to bidding companies.

Karnataka became the first state to implement the pro-privatisation policy when Veolia, a French company, was provided a lucrative contract to manage water and sanitation in parts of four major cities in the north of the state. Soon, the whole of Mysore, home to a very progressive public water utility—with a major water reservoir, the Krishnaraja Sagara (KRS), just 13 km away—was transferred to JUSCO, of the Tatas.

According to the contract, the state is responsible for bringing water to the city from a distant source, treating it and filling up the overhead tanks. The state is also mandated to pay and depute the entire water board staff to work under the private company. A brand new water infrastructure was also to be laid by the state before the private operator could work to prove reduced levels of leakage. Despite all these benefits, services in all the privatised cities started collapsing. In the northern Karnataka cities, municipality-operated wards, constituting three-fourth of the area of these cities, were deprived of water just to ensure that water flowed to the privatised wards. Water bills shot up five to six times and those who couldn't pay were mercilessly disconnected from the service. Public taps and all other alternatives were also permanently plugged to ensure complete dependence on privately managed water services.

CONTRACTS ARE DRAWN UP IN A WAY PRIVATE PARTNERSHIPS ARE AT AN ADVANTAGE. YET, THEIR SERVICE IS POOR.

In Mysore, JUSCO is being repeatedly penalised by the local authorities for not being able to fulfil any of the agreed targets. Water services were stopped for 50 days in a row in many areas and large sections of the population are now dependent on private water-tankers.

Notwithstanding the failure of these undemocratically decided policies and privatisation projects, and repeated demands for their reversal, the Centre is prevailing over states to proceed with more such projects by linking fund transfer to conditions that mandate dismantling of public bodies and encouraging privatisation. From Mysore to Nagpur and Hubli to Belgaum, it is clear that water privatisation is threatening our sovereign policymaking. Elected representatives have become subservient to senior bureaucrats and business contracts are deemed more sacrosanct than public opinion. For the sake of democracy and of water, we need to "punch the shark" sooner than later and stop the privatisation menace in India. ◘

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poor," he says. Adds Gaurav Dwivedi of Manthan Adhyayan Kendra, "Water PPPs do not have a pro-poor orientation even though this is the section of the community, especially in urban settings, which needs water supply and sanitation services at low costs on an urgent basis." It does not call for any particular political bent to see that, in India, this would only worsen the country's overall indices.

THE private companies complain about being demonised. "In Latur, water was supplied once a week before we took over. We improved the situation and supplied it on alternate days," says Rishabh Sethi, executive director, SPML. "The lack of support and coordination between government entities with respect to their contractual obligation has been the main reason for the project being kept in abeyance. Plus plentiful local opposition, including from local political groups."

In Mysore, JUSCO's plea for renegotiation of the contract is meeting with widespread opposition. Despite some benefits having accrued to 'chronic problem' localities in the city, many other areas are seeing a drop in supplies. Ditto Nagpur, where the distribution project was extended to cover the whole city even before the assessment of the pilot was done. "I don't think private participation has worked anywhere in India for a sufficiently long period or provided a credible appraisal performance," says water activist Himanshu Thakkar.

JUSCO is not the only company trying to renegotiate the terms of its contract, but the Mysore city corporation is in a fix. It is facing a financial squeeze and has no answer to the public ire. Also, there's little option of throwing out the private company without inviting protracted litigation. With the long-term contracts loaded in favour of private companies, civic bodies are caught between a rock and a hard place. And the only way out, it seems, is to wait like its counterparts in Europe and declare water supply a public sector operation after the contract runs out. ◘